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# **Image management in old-industrial regions**

## **Policy learning, governance and leadership in North East England and the Ruhr**

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## **Abstract**

This thesis examines how place images are being constructed and exploited in inward investment promotion on the regional scale. The study focuses on old-industrial areas as they suffer from a double disadvantage: they are in desperate need to attract inward investment to replace jobs lost through de-industrialisation, but at the same time are subject to negative stereotyping and are therefore often perceived as places where nobody would want to live or base their business. However, competition for inward investment is stiff, and a review of studies on the investment decision-making process reveals that perceptions of potential investment locations can have a significant impact on the decision. Using the examples of North East England and the Ruhr, theories of governance, social and policy learning as well as leadership are used to shed light on processes of image building. The key question is whether and how economic development stakeholders co-ordinate their efforts to achieve a targeted and coherent set of messages. The Ruhr has a history of 20 years of successful image management, mainly based on well-planned, sustained and well-resourced advertising campaigns, whereas image improvement efforts in the North East have largely been intermittent and piecemeal. The explanation of these differences centres on the rescaling of governance and the regional institutional landscape. The empirical findings suggest that elements of an emerging regional government in the North East find themselves in a 'pre-devolution vacuum' where a high degree of decentralisation of economic governance has not been matched by the creation of strong regional institutions. The image building efforts therefore largely have to rely on unstable policy networks which do not provide a suitable forum for stakeholder consultation. In the Ruhr, in contrast, the success in turning around negative perceptions is largely based on institutional continuity and well-developed administrative routines. The thesis concludes with recommendations for a re-design of institutional structures in both regions to enable a more robust and effective image management process.



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## 1. INTRODUCTION

*One of the more entertaining diversions while standing in the supermarket check-out queue is to peruse women's magazines for 'make-overs'. Before her cosmetic transformation the woman's skin is blotchy and wrinkled, her hair limp and drab, her eyes tired and careworn. She is usually overweight. After her make-over, she is a portrait of health, vitality and happiness. Her clear skin, sparkling eyes, and bouncy, shining hair make her almost unrecognisable from Ms Before. While she still has that crooked tooth and a little too much chin, she exudes a new confidence. Her image is transformed. At the beauty salons where such metamorphoses are achieved, a final service is sometimes available – full colour portraits of the new you. These permanent representations of the ephemeral conversion can serve as promotional material for potential employers or mates. Perhaps the transformation of the surface induces change within.*  
(Holcomb, 1994: 115)

This metaphor illustrates the efforts of many old-industrial or post-industrial regions of the developed world to change the ways in which they are being perceived. However, this is not simply a beauty contest. The stakes are high: if jobs lost through de-industrialisation are to be replaced, cities and regions must be attractive to residents, tourists and financially potent inward investors. Old-industrial regions suffer a combination of several disadvantages: they have lost the bulk of their industrial workplaces, but self-employment and indigenous business start-ups that could replace the lost jobs are generally on a low level. According to a study of Kingston University Business School, the North East of England has the UK's lowest rate of business start-ups. Over the last four years, just 4 % of 16 to 50 year-olds started their own business, compared to more than 7 % in the UK as a whole (Brown 2004). The need for inward investment to create jobs is therefore high in most places, but at the same time old-industrial cities and regions often suffer from a negative image of 'having failed' and are perceived by many as polluted, ugly and backwards; in short, as a place where few would want to live or base their business.

As changing the material realities of the place requires significant public and private investment and takes a very long time, many places have resorted to manipulating their image in order to project as real the confidence and the success that they are looking to



achieve. Just like Ms Before cannot change her physical properties or her character but is able to look more attractive after a make-over, most places cannot be completely rebuilt and every negative memory of the industrial past erased. Even if this was desirable it would not be viable in most cases, as the vast majority of old-industrial regions suffer from a dwindling tax base and a lack of potent, well-established local companies that are willing and able to invest private capital in the region.

At the same time that Western European old-industrial regions – the focus of this study – are desperate to attract inward investment, the ‘investment cake’ for them as a group is getting smaller. While many of these regions have previously been able to pursue policies of re-industrialisation and sell themselves on price, many manufacturing businesses now choose to locate in Central and Eastern European countries which provide a similar ease of access to European markets at a fraction of the cost. Between 1990 and 2000 the share of ex-Soviet Bloc countries in the world’s foreign direct investment (FDI) stock has grown from 0.2 % to 2.0 %, a tenfold increase (Dicken 2003: 59). Unfortunately, there are no reliable statistics that allow a comparison between Western and Eastern European countries of the *sectoral* composition of FDI inflows. It is evident, however, that capital has become more mobile and overall competition between places for inward investment has intensified (Dicken 2003). At the same time, many Western European old-industrial regions are in a position where they find it difficult to increase or even maintain their share of global inward investment.

This thesis looks at two examples of old-industrial regions in Western Europe: North East England and the Ruhr in Germany. They both have experienced rapid de-industrialisation, efforts of re-industrialisation, and an attempted re-structuring towards the service economy. However, as these processes have taken place in fundamentally different political environments a comparison of the two regions promises to be rewarding. Further justification for the selection of these two regions is provided in chapter 3 (Methodology).

## 1.1. Background

‘Inventing places’ has been one of the most prominent themes of recent cultural geography: the term suggests that places do not exist independently of our imagination (Anderson and Gale 1992). Places only become objects of thought and action through the meaning we attach to them. With the cultural turn, attention in economic geography has shifted to how – alongside more traditional locational factors – these place images (which ultimately are the results of individual perception and imagination) influence the behaviour of economic actors. Given the intensifying and increasingly global competition amongst localities for investment, geographers have become interested in how place images are being employed in economic development to foster inward investment. This phenomenon has occurred across the Western world, in very different political systems and regional contexts. Millington et al. (1997) have identified almost 300 publications on place marketing (ranging from general to case studies) in the English language, and the number of studies is likely to have grown considerably since.

The increasing competition for inward investment between regions seems to be a result of major economic, political and cultural shifts over the last three decades or so.

- **Economic shifts.** Due to rising production costs, many developed countries have lost their competitiveness, especially in labour-intensive industry sectors. The resulting relocation process to cheaper countries brought major job losses and high unemployment in what once were the strongholds of manufacturing in Europe: places such as Teesside, the Ruhr or Wallonie have for some time been considered problem regions (Surlemont 2000, Vanhove 1999: 123) and have been desperately trying to attract inward investment.
- **Political (and cultural) shifts** have taken place both top-down (regionalisation) and bottom-up (regionalism). Due to their adoption of an entrepreneurial stance and under the pressure of financial austerity, central governments have been reducing their financial assistance and expecting more self-responsibility from regions in coping with uneven development (see fig. 2.1 in chapter 2). This greater self-reliance was only partially *forced* upon regions. In fact, many regions welcomed it, as a resurgence

of regionalism saw demands for greater autonomy, not just in economic, but also in cultural terms. The cases of Catalonia and Scotland epitomise this phenomenon.

As the process of the regionalisation of responsibility for economic well-being prevails, the question is how the framework of public institutions for place promotion has adapted to the changing national-regional distribution of power. These scales have shifted in the past, as illustrated by the abolition of most Urban Development Corporations (urban) and the installation of Regional Development Agencies (regional level) in Britain. Some authors have argued that the institutional arrangements for place marketing are unclear (and that there are competing institutions, e.g. Lever 2001, Ward 1998). Similarly, there has been a re-scaling of the responsibilities for economic development in Germany, where there is evidence for a 'creeping centralisation' of economic policy and a shift of many of the costs resulting from changes in economic policy downwards to the Länder and local governments (Marterbauer 2003).

## **1.2. Rationale of the study and research aims**

"Image" is seen as crucial for economic success of almost any kind. Exploiting the positive image of its "Westernness" helps Nescafe to sell better in Turkey (Askegaard, Christensen and Ger 1999). A "new image put [an American drug store] chain on the fast track" (O'Rourke 2000), innovative architecture achieved an image overhaul which helped an ageing industrial park find new prestigious tenants ("Image is everything", Cook 2000), and the English FA (Football Association) sought an agency for an image makeover in the 2002 World Cup build-up "to publicize its place at the heart of the national game in England" (Tylee 2002). Political analysts claim that Gerhard Schröder defeated Helmut Kohl in the 1998 German elections because of his 'dynamic' image. Fombrun (2002: 2) explains in his book 'Reputation, Realizing Value From Corporate Image' that "image has an impact on the bottom line" of a company. The (increasingly perceived) importance of image has encouraged a boom in the formation of specialist image consultancy companies (Bryson and Wellington 2003).

The growth of the importance of 'image' for economic development can be attributed to a number of reasons: Firstly, traditional place marketing instruments can be rather expensive<sup>1</sup> and in many cases have failed to deliver the expected results (see the discussions in Bingham and Mier 1997). Secondly, one of the reasons for this failure could be that investor behaviour is increasingly image-led and often based solely on the vague *expectation* of immense profits. This phenomenon is what Tsing (2000) termed 'spectacular accumulation' in an 'economy of appearances'. It will be examined in more detail in chapter 2 (Research Focus).

The very fact that most of their 'competitors' are undertaking some form of place marketing sees more and more local and regional governments react and pick up this entrepreneurial approach. Lever (2001) found that in 1998, 92% of all English local authorities undertook some form of place marketing.

On a *theoretical* level, the rationale for this study is to close the knowledge gap in the place imagery process, especially in the question of why and how representations of place are being deliberately constructed and exploited in inward investment promotion. In what ways do organisations of regional governance seek to influence and manage the image of the region to promote inward investment? In particular, I want to examine the interplay between organisations of different scales (national, regional and sub-regional/local) and sectors (public, private and civil) in this process. There is a strong case that the conceptual frameworks for the understanding of image building are currently too narrow: the overwhelming majority of studies of place marketing concentrate on promotion but there are few on image. But even the research that does concentrate on image mostly does not go beyond an analysis of the *outcome* of the image management process, of its tangible results, that is the promotional material produced, be it brochures, web sites, print or TV advertising. What is largely missing is an examination of the *process* of

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<sup>1</sup> For example, Nissan has received £ 40 million of British government subsidies for its new car plant near Sunderland (EU Business 17/01/2001). While this sum might have been a good investment, compared to the number of jobs created, other heavily subsidised inward investment projects have proved to be short-lived. The most prominent example is the £ 160 million Siemens semiconductor plant in North Tyneside, which received £ 50 million in Government subsidies but closed down in 1998, just fifteen months after it had been opened by the Queen (BBC News 2000).

image building. Based on these findings, I want to make suggestions for the improvement of the *practice* of image building.

In more detail, the research questions are:

1. How are regional images being constructed? Which actors are involved in this process, and how do they interact? Is there any coordination to ensure a coherent message, and what means are used to achieve this?
2. How do organisations on different *scales* interact? In how far is the image management process influenced by national as opposed to regional influences? What influence do national political systems of governance have on the image-management process? If 'the rules of the game' are set by national/Land governments, are they (re)interpreted in different ways on the regional scale?
3. How do organisations of different *sectors* (public, private, civil society) interact? How much power does that state hold in the image-management process? Has its influence diminished, or has it merely shifted from direct to more indirect control, from hierarchy to coordination? What is the role of the organisations '*officially*' in charge of the image management process, the RDA in the North East, and the KVR in the Ruhr?
4. Finally, what is the content of the representations that place promotion agencies and economic development stakeholders are seeking to construct?

Overall, this thesis seeks to make a contribution to the advancement of the understanding of 'ordinary regions'. We need an examination of ordinary, 'lagging' or 'failed' regions just as much as the study of 'shining examples'. This need is reflected in the discussion of the "Normalregion" (Krumbein 1994) in Germany and was recently highlighted by a session at the 2003 Annual Conference of the Royal Geographical Society titled "In Celebration of the Ordinary Region". Place marketing and image building is no exception here, with the vast majority of studies concentrating on successful examples or at least on places that have special positions. To be fair, however, there is now a strong body of research on the particular group of old-industrial regions and cities. For example, the use of place promotion and 'image make-overs' to redress negative perceptions of post-

industrial regions in North America, Australia and Western Europe is well-documented (see, for example, Barke and Harrop 1994; Benton et. al. 1993; Brownill 1994; Ganser 1970; Holcomb 2001, 1994, 1993; Hubbard 1995; Madsen 1992; Plaza 2002; Prossek 1999a, 1999b, 2002; Watson 1991). However, all too often academic interest focuses on successful or, on the other extreme, very unsuccessful regions, with little attention being paid to the 'average' region.

### **1.3. Structure of thesis**

This chapter has provided a background to the study, outlined its aims and objectives, and provided justification as to why this study is necessary. The remainder of the thesis is structured as follows. Chapters 2 and 3 set the scene: chapter 2 introduces the object of analysis, and chapter 3 outlines methodological challenges and choices. Chapter 4 introduces the two case study regions, North East England and the Ruhr, presenting a socio-economic snapshot of the two case study regions. It also examines the governance of the regional economies, placing inward investment promotion efforts into their socio-political context. Chapter 5 looks at current and previous efforts of image building in the two regions. Here it becomes obvious that image building has been undertaken in very different forms, placing different emphasis on various tools of image building. The following chapters, 6 to 8, form the main analytical body of the thesis. In these three chapters, theory and empirical findings are integrated to explain *why* image building efforts have differed in the two regions in both process and outcome. Three main themes are identified in the explanation of findings: governance (chapter 6), policy learning (chapter 7), and leadership (chapter 8). Chapter 9 presents a summary of the main empirical and theoretical findings. It is theoretical as it explores new ways of looking at image building, but also practical as it suggests measures to improve the practice of image building. Special consideration is given to the political-institutional environment in which these processes operate.

## 2. RESEARCH FOCUS

*The grim history of deindustrialisation [has] left most major cities in the advanced capitalist world with few options except to compete with each other.*  
(Harvey 1990: 92)

This chapter introduces the object of analysis, place marketing in general and image management in particular. It explains why image management can provide a competitive advantage, or why it is *perceived* to be necessary, and shows examples from earlier and more recent times. It also places image-building activities in the context of broader socio-economic trends of rescaling, territoriality and the 'new regionalism', demonstrating that image building is both outcome of and a contributing factor to intensifying territorial competition on a European and world-wide scale. This chapter also illuminates inward investment decision-making processes of private sector companies, the organisations that are the targets of place marketing and in turn shape the economic environment in which governments of various scales operate.

### **2.1. Place marketing, place promotion and image building: defining the object of analysis**

Despite the wealth of publications on place marketing there is little or no agreement over the exact meaning of the term. It is often used in a very narrow sense as a synonym for the advertising or promotion of places. This is particularly prominent in the American literature, where 'city marketing' usually refers to promotional efforts or 'boosterism' by a coalition of local or regional government and business organisations. A different, but equally narrow definition has largely been adopted in the German literature, where *Standortmarketing* (location marketing) usually refers to the promotion of a location (with particular reference to inward investment) and *Stadtmarketing* (city marketing) is used to describe efforts to increase the attractiveness of city centres for shoppers in the face of strong competition from out-of-town retail centres. (For a systematic overview and a broader definition in the German context, see Helbrecht 1994.)

In contrast, other authors such as Ashworth and Voogd (1990) have adopted a very broad definition that not only includes 'promoting what we have' but also 'trying to have what sells well', reflecting a desire to improve the appeal of the 'place product' to potential investors. This can involve both improvements of the 'product', that is changes in the physical realities of a place (e.g. upgrading of infrastructure, (re)training of labour) to whet and satisfy investors' appetite, or the communication of a positive *image* of a place that may or may not have changed. In current local and regional economic development, a mixture of both approaches is commonly used. Holcomb (1994: 115) argues that there is "a tautology between image and reality, that the city is remade to fit a promotable image while the promotional image reflects a highly selective reality." In practice, the boundaries between physical properties and image of a place are fluid, and the ways of promoting either can be seen as mutually reinforcing. This is reflected in the desire to create appealing landscapes or cityscapes. As examined by Lenfers (2000), a commonly used vehicle is the building of flagship projects like the Guggenheim Museum in Bilbao (Plaza 2002), the Sage Music Centre in Gateshead (UK) or the giant CentrO shopping mall in Oberhausen in the Ruhr. These projects are aimed at increasing the appeal of those places through the creation of world-class cultural infrastructure and architectural design, stressing quality of life as a selling point, but equally to influence perceptions of the localities in which the buildings have been erected, not least due to intensive PR and advertising. This is especially the case where buildings become 'icons' and symbols for their place, as shown by the examples of the Angel of the North in Gateshead or the Sydney Opera House. Helbrecht (1994) speaks of the 'festivalisation' of urban development where the fluidity of the boundaries between image and reality is especially clear: festivals and mega-events may have only a limited and often short-lived impact on the physical qualities of a place but are all the more important for influencing perceptions, portraying a place as 'cultured' and 'vibrant'.

Ashworth and Voogd (1990) and several contributors to Gold and Ward's (1994) edited volume have illustrated how the modern idea of place marketing was borrowed from the management and business literature. One of the most widely accepted definitions of



marketing in this literature is “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives” (Onkvisit and Shaw 1993: 7). This definition reinforces the idea that marketing is more than just promotion and advertising and also includes modifying the product in a way that it can be easily sold. The definition also brings up two powerful metaphors: that of a place as a corporation, and that of a place being a product, a commodity; a metaphor of “North East England Ltd.” selling a product called “North East England™ – The Ideal Investment Location”. Indeed, a recent article in *The Economist* (2004b: 64) has argued that “promoting a city is like selling shampoo”, demonstrating how multinational companies brought their marketing expertise into the promotion of places in which they were based or had a branch. Griffiths (1998) has pointed at the limitations of this analytical approach, which I will revisit later in this chapter.

Traditionally, place marketers have relied on two sets of instruments: the improvement of physical features of their place (‘product improvement’), and financial incentives for investors (‘pricing’, see figure 2.1). Promotion is now gaining importance as a third instrument, even though it had already been at the heart of some earlier place marketing efforts, such as the ‘Metroland’ residential development in north-west London in the interwar years (Gold and Gold 1994). Ashworth and Voogd (1990) identified four target groups of place marketing: consumers, tourists, residents, and investors. As most place promotion strategies vary according to target group, my study will be restricted to one group, investors. Wells and Wint (2000) distinguish two elements of an investor-targeting place promotion strategy: directly investment-generating activities, such as liaising with or holding seminars for potential investors, and image-building activities, such as advertising campaigns and, more generally, non-personal communication.

Importantly, image building is not only a sub-category of place marketing. As figure 2.1 demonstrates, image building activities are part of the place marketing exercise. However, much of the image building process happens outside the purposeful place marketing effort, as many sources of place images are outside the control of place

marketers. For example, residents are ambassadors of their place and mainly unconsciously contribute to the perceptions of their place abroad. In this way, the place marketing as purposefully undertaken by organisations in charge of local economic development represents just a fraction of the sources of the overall process of image formation.



Fig. 2.1: Place marketing, place promotion and image building

## 2.2. Why does image matter?

One need not look far to notice how widely image building is undertaken in practice by a wide variety of organisations, from consumer goods manufacturers to national

### ***"Taking the sex out of Essex. A notorious county wants to change its image"***

(The Economist, 6/10/2001:37)

Essex County Council worries that its "brash image deters companies from locating there" and is hoping to secure government funding to "overhaul its brand". "Vulgar", 'right-wing' and 'promiscuous' could be morphed into 'affluent', 'best of British' and 'young and energetic'."

### ***"Israeli government plans world-wide image campaign"***

(Süddeutsche Zeitung 08/01/2001: 7)

The Israeli government commissioned a campaign to improve Israel's image with the global public. Over the last years, this image has been severely damaged as the country has been criticised for its human rights record and the treatment of Palestinians. The campaign will involve Israeli artists and intellectuals like celebrity conductor Zubin Metha and writer Amos Oz promoting their home country. The campaign also aims at Jews all over the world to strengthen their support for Israel.

### ***"Israel's Image Problem. Fire Up the Propaganda Mill"***

(www.counterpunch.org)

American Jews want Israel and Judaism to be seen in a more positive light. "Two U.S. Jewish groups – the American Jewish Committee and Israel 21C – have paid for an ad campaign set to air on 100 American cable television networks." (Heard 2002)

### ***"Corporal punishment damages Iran's Image"***

(Süddeutsche Zeitung 17/08/2001: 7)

Corporal punishment and executions damage Iran's image abroad. "The Iranian ministry of the exterior has announced an inquiry into how the wave of public executions in Iran impacts on the country's image."

### ***"The stadia of restructuring" ("Die Stadien des Strukturwandels")***

(Süddeutsche Zeitung 13/08/2001: 5)

The city of Gelsenkirchen (Ruhr) hopes to change its image through football and other cultural events performed in its new stadium. "We want to leave behind our image of coal, steel, dirt, and football proles", says mayor Wittke."

### ***"Bayern Munich as a locational factor: Munich benefits from the winners' image. How the football club attracts companies"***

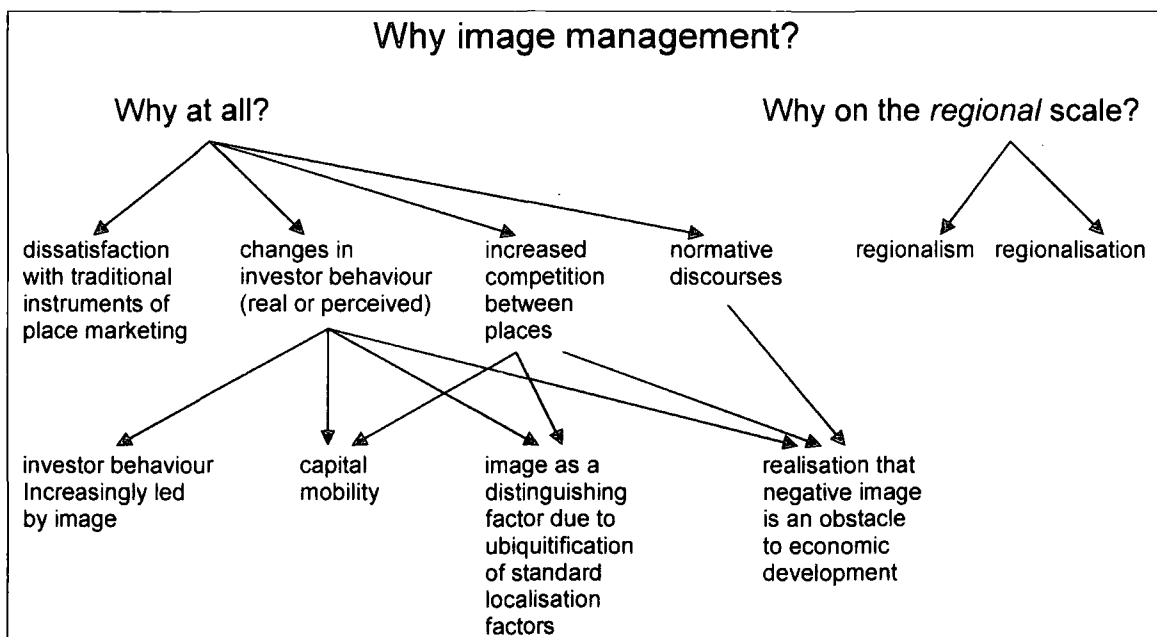
(Süddeutsche Zeitung 23/05/2001:47)

"The message of a successful football club rubs off on Munich and gives the city a dynamic winner's image". The advertising agency ServicePlan calculated that FC Bayern reaches 40% of all Germans older than 14 years of age. "Other places have to employ expensive advertising campaigns to enter the national and international consciousness as a company location. But Munich's image takes care of itself. Half of the world is watching the broaching of the first barrel at the Oktoberfest opening, and when FC Bayern is on the pitch TV sets are on from Alaska to Zaire."

Fig. 2.2: Some headlines on place images

governments. Many places around the world now seem to be concerned about their image, for various reasons. Attempts to manipulate and improve place images are undertaken on all levels of government, from local to national. Figure 2.2 shows some recent news headlines, together with a summary of the article.

As shown in figure 2.3, the rise of image building and image management can be attributed to a number of factors. The dissatisfaction with a great number of traditional economic development instruments (Bingham and Mier 1997) has prompted economic development policy-makers and practitioners to look elsewhere. In the attempts of narrowing the gap in Britain between the economically successful south and the lagging north a great range of economic development tools, both redistributive and market-based, have been tried out over the last decades by both central government and regional development bodies, to the degree that some authors (e.g. Hudson 1989) speak of the North of England having served as an economic development laboratory. So far, the gap remains, and measured against the goal of levelling socio-economic disparities the instruments have failed. Similarly, Germany is now faced with what can be described as a



**Fig. 2.3:** The most prominent factors for the adoption of image management

'potential mezzogiorno' (Paganetto 1997); the five ex-GDR Länder that are set to lag behind Western Germany for at least another generation. In the 14 years since the reunification of Germany, the eastern Länder have seen countless government initiatives and programmes, but after a period of rapid progress in the early 1990s the gap between East and West has remained stable since the mid-1990s.

Secondly, the adoption of image building can be seen not only as a reaction against traditional instruments of economic development. There are also factors that *attract* governments and agencies to image building. There seems to be an increasing realisation among economic development policy-makers and practitioners that 'image matters'. It can be argued that investor behaviour is indeed more image-led today than ever before (this point will be taken up later in this chapter), but the strong normative discourses of competitiveness (Sadler 1993) and the introduction of private-sector marketing styles have aided the perception among places that image is one of the crucial factors for economic development.

Thirdly, even those economic development stakeholders that are satisfied with traditional instruments of economic development and remain unconvinced of changes in investor behaviour are easily persuaded that image management is necessary when they realise that many of their competitors are undertaking it. In a climate of increasing competition, many local and regional politicians and economic development practitioners are afraid to 'lose out'. The notion of increasing competition has contributed to an 'arms race' in place promotion.

This idea is supported by Maskell and Malmberg's (1999) ubiquitification thesis, according to which most locational factors that once were unique to only a very limited number of places and therefore provided these places with a competitive advantage can now be found in most places of the advanced capitalist countries of Western Europe. For example, frequent flights to destinations across Europe, a motorway connection, a university, and well-developed cultural and sporting facilities can now be found in or close to most sizeable European cities. As early as 1970, Ganser (1970) demonstrated in a

case study on Western Germany that the physical realities of places have become more and more alike. Accordingly, the clever 'packaging' and selling, the promotion of these now ubiquitous locational factors can provide places with a competitive advantage, opening up a new round of competition. According to marketing theory, this levelling should lead to the diversification of marketing strategies, as evident with consumer products such as washing powders that are essentially alike, and brands are promoted with multi-million budgets. Another example is cars, where most of the adverts no longer praise basic qualities such as reliability and safety, but employ images that are associated with a certain lifestyle. Paradoxically, in the case of place promotion, image management also contributes, in the eyes of some observers, to "making sameness" (Griffiths 1998: title). Holcomb's (1994: 115) examination of the marketing material of several places in the US revealed "striking similarities in the images projected. Cities which are, in reality, distinctly different, become homogenised and virtually indistinguishable in their images." Indeed, my reading of examples of place promotion from the last three decades is that most places have employed the 'standard toolkit' of messages, emphasising the 'rational advantages' through the promotion of now almost ubiquitous place assets such as a central location, a well-educated workforce, good transport links and so forth. However, over the last decade or so a qualitative shift has occurred and there are now many examples where cities and regions have tried to promote themselves with emotional, 'cool' and 'lifestyle-focused' material to potential investors that aims to convey the message of 'a good business climate' and 'a fun place to be'.

The previous section provided some answers as to why image improvement initiatives are perceived to be necessary. One of the main causes established was the increasing inter-regional competition for inward investment and concomitant pressures to adopt entrepreneurial strategies. The next section looks in more detail at one of the concepts that has frequently been advanced as a solution for coping more effectively with the increased pressures of competition: regionalism.

### 2.3. The 'New Regionalism' and the rescaling of the state

*"Towards the end of the last decade, a new panacea for Britain's ills appeared: regionalism. Fanned by growing nationalist demands from Scotland and Wales, stimulated by the need for local government reform in England, and made urgent by the lack of success of a series of economic measures, regionalism seemed to provide a suitable structure for the United Kingdom." (Banks 1971: back cover)*

What reads like a contemporary comment on the 'new regionalism' was indeed written 33 years ago. The topic has not lost any of its relevance, and regionalism is still a matter of heated debate, especially its suggested link to improved regional-economic performance. According to Le Galès and Lequesene (1998), regionalism is a political or cultural movement that aims to protect or advance the interests of the region in which it is based<sup>2</sup>. In an economic sense, much of what is now subsumed as 'regionalism' is based on the notion that the "regional scale, rather than that of the nation state, is uniquely appropriate to engender the type of formal and informal interactions conducive to the kind of economic interactions required to bring about the flexible economies of scope required for survival in globalizing markets" (Ohmae 1993, quoted in Lovering 1999: 383). This definition is in agreement with Storper's (1995 and 1997) ideas of the region as the optimal scale of economic regulation. Garside (2000: 141 ff.) stresses the central importance of cultural identity for much of contemporary regionalism. In practice, though, it is almost impossible to separate economic and political-cultural dimensions of regionalism as they mostly occur in close interdependence, and different drivers of the same regionalist movement may advance economic or political arguments, depending on their own vested interest. What both perspectives, economic and political-cultural, combine, however, is the growing awareness that local regional actors are well able to make a difference, even in the face of allegedly 'overpoweringly' strong processes of globalisation (Wong 2000: 57).

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<sup>2</sup> In some of the literature regionalism is used interchangeably with regionalisation, but I would like to keep the distinction between the two concepts as outlined in sub-chapters 1.1 and 2.2. In this sense, regionalism refers to the efforts of a central state to regionalise political, cultural or economic affairs, mainly with the aim of reducing central government expenditure or improving administrative effectiveness.

It is important to make two distinctions in the usage of the term 'regionalism': first, between different objects of analysis and second, between the normative and analytical use of the term. There is little agreement over the use and meaning of 'regionalism', and not all strands of the regionalism debate are relevant for this thesis. In the US this term is mainly used to refer to issues of inter-municipal collaboration that serves to achieve a more co-ordinated metropolitan governance which is better able to solve cross-jurisdictional problems of quality of life such as urban sprawl (Katz 2000) or air pollution. Regionalism in this sense is largely a responsive concept, developed as a possible solution to concrete problems, rather than regionalism in a political sense that serves to assert regional cultural identity and create or defend regional autonomy in the face of central government dominance. In the European usage, the economic argument at the heart of regionalism is concerned with how to achieve and maintain an advantage in European and worldwide competition between regions. Particular attention is paid in Europe to the institutional structures that underpin successful regional economies, and on whether and how these arrangements can be replicated in other regions (Herrschel and Newman 2004: 33f.). In other words, a distinction could be drawn between "cross-jurisdictional problems demand cross-jurisdictional solutions" (regionalism in the American sense) versus "region-specific problems demand region-specific solutions (and institutions)" (regionalism in the European sense). The remainder of this section concentrates on the latter, because the processes to be examined in the present thesis are set in the European context, both theoretically and empirically.

The concept of regionalism is not only used in this normative, political sense but also in an analytic sense to describe the power struggles played out in and for the gain of regions, and to examine the concomitant rescaling of territory. In this sense, regionalism as a normative concept is as old as the political-territorial organisation of human life on the national scale, and as an analytic concept it has been in and out of fashion since the early attempts of systematic political science. In the discipline of geography, regions and regionalism have been the objects of analysis of various sub-disciplines, from the regional geography of the nineteenth and early twentieth century to the recent 'new regionalism' since the 1980s.



There seems to be broad agreement on that current forms of regionalism are qualitatively different from previous variants, but where exactly lie the differences between ‘old’ and ‘new’ regionalism? Figure 2.4 summarises some of the key properties. When seen in the broader perspective of the change in accumulation regimes from Keynesianism to locational policy<sup>3</sup> (Brenner 2004) it becomes clear that the older forms of regionalism had been orientated towards equalisation (*Ausgleich* in German) whereas the more recent forms of regionalism chiefly revolve around economic competitiveness and inter-locality competition, and around state spatial selectivity (the targeting of particular areas of a country or particular scales of policy-making).

The scalar reference of ‘old’ regionalism was the nation state as regions were trying to capture as large as possible a piece of the redistributive resources from national government, whereas in the new regionalism the European or world-wide scale is the reference, with regions strategically positioning themselves or being positioned by their national government as a ‘carthorse’ in this increasing competition (also compare Scott’s (1998) idea of the global economy being driven by ‘regional motors’). In this sense, both case study regions can be seen as disadvantaged as over the last three decades the Ruhr and the North East have both been among the least internationally competitive regions of their countries. Their national governments have therefore had little incentive to devote resources to position these regions as ‘spearheads’ in the intensifying international competition since both regions are seen as competitive in only very few industries, most of which are not part of the set of industries defined by the central governments as key development sectors. In Scott’s (1998) scenario, this periphery contrasts sharply with the ‘regional motors’. This idea of both the Ruhr and the North East being positioned in the ‘second league’ of global economic competition (or even below) will be developed more fully in chapter 4, where several key indicators of economic performance and social cohesion will be presented.

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<sup>3</sup> Locational policy is a literal translation of the German term ‘Standortpolitik’ which refers to the bundle of policies that seek to improve the competitive position of a given locality of whatever scale, from a small town to supranational trading blocs such as the EU or NAFTA.

	'old' regionalism	'new' regionalism
Basic exchange relationships	Compensation ( <i>Ausgleich</i> )	Competition ( <i>Wettbewerb</i> )
Scalar reference	Nation state	Europe and world
Suggested optimum scale for regulation of economy	Nation state	Region (as part of a global economy)
Direction of spatial development	Equalisation	Polarisation
Focus of policy	Supply-side improvements	Institutional frameworks / architectures
Associated forms of governance	Formal, hierarchy	Associative, networks

Fig. 2.4: Key properties of 'old' and 'new' regionalism

Regionalism can also be seen as an expression of a particular set of ideas about **territoriality**. Agnew (1997: 823) defined territoriality as “the strategy used by individuals, groups and organizations to exercise power over a portion of space and its contents.” In most countries, the territorial organisation of nation states has indeed changed significantly. This ‘relativization of scales’ (Jessop 2002, 1999, Brenner 2004: 43ff.) has seen a reassessment of the importance of the national scale of socio-economic regulation, and economic governance is now largely seen as an outcome of the interaction of all scales of governance rather than the product of one, dominating scale, which over the last centuries used to be the nation state. Sack (1997) draws attention to the potential of territoriality in the construction of space. Seemingly a-spatial, sectoral policies can assume a crucial function in delimitating territorial units simply through their scale of reference. For example, a regional image strategy can be viewed as a tool of inward investment promotion, but it can also be seen as a tool of region-building, especially in territorial configurations where the regional scale is on the offensive (such as in the UK) or in situations like in Germany, where the regional state is under increasing pressure from central government.

New regionalism’s focus on competitiveness implies a strong emphasis on theories of institutions and learning. One key feature of the new regionalism is its focus on institutions and the enhancement of policy-making capacity. Chapter 6 will review theories and empirical evidence of governance and the role of networks, and the evidence from both case studies indeed suggests a strong link between success of image

improvement initiatives and strong and functioning regional institutions. The learning region has been an integral component of much of new regionalist thought and learning from other, more successful regions has been a vital component of most regional development strategies, as the adoption of 'best practice' is seen as crucial for developing and maintaining a competitive advantage over other regions. Chapter 7 (policy learning) will demonstrate that the issue of image improvement is no exception.

However, "vulgar" (Lovering 1999) applications of the new regionalism as an analytic tool have been criticised on several accounts. Tomaney and Ward (2000) criticised the 'one-solution-fits-all' approach that has sometimes been suggested for its lack of substance. The centrepiece of Brenner's (2003: 20) critique are the generalisations that many proponents of the new regionalism make, and the assumed automatism he sees in many of their arguments. In particular, he observes that – unlike in the idealised theoretical assumptions often put forward by 'new regionalists' – not all forms of regional institutional change subsumed as 'new regionalism' amount to "place-specific forms of institutional thickness, economic governance and regulatory coordination" that lead to sustainable regional development trajectories. To the contrary, as Brenner (2003: 20) argues, the new institutions created mostly do little more than

"mobilize neomercantilist place-marketing campaigns that trigger highly wasteful, zero-sum forms of investment poaching and regulatory downgrading. Such predatory, 'beggar-thy-neighbour' regional policies are an important expression of the 'widespread tendencies to fiddle with governance while the economy burns' (Peck 2000: 74); and they are considerably at odds with the high-trust, collaborative social environments and offensive forms of flexibility that characterize the industrial districts upon which much of new regionalist theory is based."

The two case study areas chosen for the present thesis, the Ruhr and North East England, certainly do not conform to the economically successful and socially coherent prototype regions that form the basis for the bulk of theories of new regionalism. It will be interesting to see how much explanatory power new regionalist thought can hold for seemingly 'atypical' (in the sense of the theory) i.e. old-industrial

regions which are fraught with economic restructuring, poverty and social divisions. I shall return to these issues in the conclusions (chapter 9).

Lovering (1999) spearheaded the ranks of critics like Brenner who lament that new regionalist thought in many cases fails to explain the empirical realities of many northern-Atlantic regions – again, especially so in the case of less successful, de-industrialising regions. In the British example, he argues that the new regionalism has failed to identify the main reason why some regions have successfully ‘globalised’: the national British state, which, according to Lovering (1999) and MacLeod (2001) still underwrites the relatively improved competitive position enjoyed by most British regions compared with 10 or 20 years ago. Looking in more detail at Wales, Lovering (1999) demonstrates that it is not the entrepreneurial talent of Wales-based companies, nor the success of the Welsh Development Agency (WDA) in attracting inward investment but largely the redistributive payments and other central state interventions that have made the Welsh economy look healthier now than it did ten or twenty years ago.

While the more sophisticated strands of the ‘new regionalism’ have largely escaped the criticism of being too generalising (and idealising), they have been accused by a number of analysts of sharing with their ‘vulgar’ variants the shortcoming of being boosterist instead of analytic, and of being blinded by the rhetoric of powerful regional elites. According to Lovering (1999), vested interests of central government (hopes to be able to reduce transfer payments) and local and emerging regional government (vie for lucrative administrative and political jobs and hope for a free hand in moulding the economy according to their interests) have helped transform the new regionalism into a concept void of analytical value. New regionalist thought is being used to ‘talk up’ the region by journalists, politicians, “gurus of globalisation, respectable economists who have not looked close enough, local consultants and pressure groups who have vested interests (...), and academic researchers infected by boosterism” (Lovering 1999: 381). Ultimately, Lovering (1999: 382) concludes that “the infusion of New Regionalist notions into the regional development community can narrow rather than broaden intellectual and strategic horizons.” While this scathing criticism is certainly overstating

the point it prompts us to look at which interests drive processes of current state rescaling and spatially selective attempts of reterritorialisation. MacKinnon and Phelps (2001) identify an 'Inward Investment Service Class' (IISC) in Wales and North East England which consists of key economic development organisations and individuals but which – in the case of the North East – has so far failed to work as an easily identifiable coalition, due to the "relative weakness and fragmentation of the [regional-] institutional structure" (MacKinnon and Phelps 2001: 375). This will be a key focus of chapter 6 to 9.

Vested interests are articulated not only at the regional level, and the crucial task is "to understand the ways in which existing institutional structures shape the emergence of new institutions at the *regional* scale. Regions are shaped by both higher and lower levels and by the legacies of previous attempts to govern at this scale." (Herrschel and Newman 2004: 33, my emphasis). As briefly alluded to previously, regionalism can present a challenge to both lower and higher levels of government, and local and central governments in both countries have employed different strategies to contain regional expansion of powers. Indeed, in England there are many powers that central government has decentralised but not devolved. This form of decentralisation, often with the help of an array of poorly coordinated single-purpose bodies, "serves the government's convenience in streamlining administration, cutting costs, pushing the process of priority setting further down the governmental ladder, (...) whilst retaining control over the direction of policy" (Garside 2000: 164f.). In the Ruhr, the Land government of North Rhine-Westphalia has curtailed the powers of the KVR (Ruhr Regional Association) in 1979, and another restructuring of the organisation is due in late 2004. These processes of rescaling of policy-making capacities will be taken up in chapters 4 and 6.

Regionalisation can also face resistance from below. In unitary states such as the United Kingdom, local governments can be hesitant to embrace regionalisation for fear of permanently losing the powers and responsibilities that they have voluntarily transferred to elements of regional government (Herrschel and Newman 2004: 91). Chapters 6 to 8 I will examine the empirical evidence for these explanations.

Notwithstanding the criticisms raised above, some of which certainly are justified, new regionalist thought is helpful for my thesis in that it highlights possible shifts in regulatory capacity away from the national and local scales towards the regional level. It also sheds light on the fact that the present re-scaling of governance also is, to an extent, a product of a bottom-up process in which regional stakeholders, but also ordinary citizens, are demanding more autonomy and self-management of regional – especially regional-economic and cultural – affairs, facilitating a mobilisation of regional forces in order to become involved in regional economic endeavours, including image improvement initiatives.

However, I agree with MacLeod (2001), who points at the failure of much of new regionalist theories to conceptualise the “interscalar webs” (p. 813) of relations between regional and nation state. For instance, little research has been undertaken on how sectoral central government policies such as the funding of universities interact with strategies crafted at the regional level, such as the regional economic strategy which was one of the first major documents that all newly-created English Regional Development Agencies (RDAs) were obliged to create. In this context the rescaling of territoriality and the relativization of scales suggest that global, national, regional and local “operate not as mutually exclusive or competing geographical configurations for capitalist development, but rather as densely superimposed, *interdependent* forms of territorial organisation” (Brenner 1999: 433, my emphasis).

Apart from neglecting increasingly intertwined scalar webs the new regionalism, I argue, has overly concentrated on the *regional* state and supranational regimes such as the EU, WTO or the World Bank. This focus on interactions between the region and the global economy has led to the role of a local and national governments taking the back seat in much of the research. Hence my thesis makes an attempt to link the image building activities of the past two decades to wider central state policies and initiatives. This is especially relevant as in England it was only in 1998/9 that the first elements of a possible regional government emerged, the RDAs and Regional Chambers. In contrast, post-war (West) Germany has been characterised by a high degree of policy interlocking

(Politikverflechtung) and a frequent and ongoing re-negotiation of the boundaries between federal and regional (i.e. Land) powers. This theme will be taken up in more detail in sub-chapters 4.3, 4.4 and 4.5.

The re-negotiation of scales and increased interscalar policy interlocking (Politikverflechtung) associated with the relativization of scales has shifted attention to the mode of co-ordination, or “how various strategies *in* the region can be translated into strategies *for* the region” (Valler, Phelps and Wood 2002: 189). In this fluidity of scales **governance networks** have become increasingly important. Indeed, forms of collaboration can be very different and range from informal, temporal and project-based collaboration to formalised and more or less permanent collaboration within a hierarchical system of organisations. This will be examined in more detail in chapter 6, Governance, but a short outline will be given here as the shifting arrangements of intra- and interregional collaboration are a vital part of new regionalist and institutionalist thought.

Collaboration is often single-purpose, of a limited time, and informal. This is partly due to the general problem of the ‘many hands’ (see chapter 6) in which there is a “bewildering tangle of municipalities, governmental and regional organizations and institutions, and public, private or informal cooperative approaches with differing actors, functions, and jurisdictions” (Heinz 2000: 27). On the other hand, project-based, network-enabled, voluntary collaboration arises not just as an accidental consequence of the ‘broken’ institutional landscape. It also poses less of a direct challenge to central governments and is therefore the preferred method of regionalisation in many unitary states, who on the one hand are keen to preserve the current scalar status quo of power, but who on the other hand also recognise the need for region-based initiatives to better cope with increasing inter-regional competition (Herrschel and Newman 2004: 90).

As we have seen, regionalisation occurs in a wide variety of forms, from issue-based regional initiatives to constitutionally granted and fully elected regional governments. The ease with which these regional interests are formed and dissolved also varies

fundamentally. Issue-driven collaboration is normally short-lived, whereas constitutional arrangements are usually very durable, as constitutional changes are set to face strong resistance by local and national government, both of which keen to avoid a loss of power. Herrschel and Newman (2004: 66ff.) quote the examples of Spain, Belgium and Italy where regionalisation was only achieved after a long-standing campaign – sometimes violent – by (culturally distinct) regions with a strong national identity.

The actual form of collaboration seems to depend significantly on local-central relations in a country. As Heinz (2000: 24f.) observes, “the form, organisation, and frequency of areawide and multisectoral cooperative approaches depend in large measure on the administrative and political structures of the country concerned. Whereas in centralised countries like France or the Netherlands, government-imposed cooperation types apply throughout the country, situation-specific solutions are always taken in federal countries like Germany or the United States.” It will be interesting to see whether these generalisations hold true for the two case study areas.

In summary, this section examined key propositions of the new regionalism and how these relate to the object of analysis of this thesis. As we have seen above, the political-constitutional arrangements of a country also has a strong impact on the capabilities of policy-making on the regional level, and for this reason two countries of the opposing ends of the unitary-federal continuum were chosen, Britain (England in particular) and Germany. I criticised above the strong orientation of new regionalist thought towards successful regions, and to choose old-industrial regions – which are fundamentally different from the regions on which much of the new regionalist thought is based – therefore seems very advisable. The selection of case study areas will be explained in more detail in chapter 3

The previous section looked at the frameworks of interregional competition as manifest on various scales of government and governance. The following section looks at the other ‘side’ of the competition and examines the behaviour and investment decision making



processes of private-sector companies, which both shape and respond to economic policy in general and place marketing in particular.

## **2.4. Corporate decision-making**

One of the central justifications for undertaking this thesis is the anecdotal evidence that a region's unfavourable image is likely to deter potential inward investors. To investigate this claim it is necessary to examine to what degree investors are indeed influenced by the perceptions they hold of potential investment locations. Most potential investors have little or no first-hand knowledge of most possible sites, and commonly the bulk of the information used for an investment decision is mediated.

It is a central thesis of my study that corporate investors are to a certain degree image-led, and do not make decisions that are conventionally called one hundred per cent rational. I argue, therefore, that image building must be an integral part of any place marketing effort. This section examines how (re)location decisions are being made in private sector companies, and to what extent these decisions could be influenced by the perceptions the decision-making persons hold of the investment locations considered.

This section will first look at basic concepts of investment theory and outline the stages of an investment decision. I will then examine the importance of image, firstly at the *micro* level of individual investment decisions, using image and framing theory, and, secondly, how these findings relate to image-led processes at the *macro* level in the economy as a whole.

### **2.4.1. Key concepts**

The type of investment relevant for my thesis is direct investment. While almost every investment is made under the motivation of expected short- or long-term capital gains there is an important difference in as far as the level of control is concerned. Portfolio investment serves the purpose to yield interest on capital, while in direct investment the

investor also aims at gaining control over the object in which the investment is made. Direct investment can therefore be defined as an export of capital by an economic subject of an (predominantly private) enterprise to another country<sup>4</sup> with the aim to set up subsidiaries, purchase foreign companies or to buy a stake in them that guarantees a decisive influence on its strategic management (Winter 1997: 940). It is of course open to debate at what stake the 'decisive influence' begins and hence where the threshold between portfolio and direct investment lies. In this thesis I only take into account direct investment, for it is very unlikely that a portfolio investor has much of a say in the location decision process. Another reason for the focus is the high risk of direct investment in relation to other forms of investment. It is therefore likely that for a direct investment considerably more resources are invested into the search process than for portfolio investment.

Secondly, I restrict my study to investors who want to operate the investment object for themselves. This definition excludes real estate investment. The reason for this is that I assume that companies that sell on the property they have developed do not have a long-term interest in the area in which they invest. Furthermore, they have little incentive to become engaged in the promotion of the region themselves, as they are likely to be highly spatially mobile in the choice of their next objects and thus may soon leave the region anyway.

I argue that images and perceptions are most important at the very beginning of the decision-making process. Thus, the process of inward investment decision making needs to be briefly sketched out. Dichtl et al. (1983) divide this process into seven stages, from problem recognition to the implementation of the decision made. Only the first five of these seven stages are relevant for my study. My focus lies on the investment decision from the initial impetus, the realisation of the problem<sup>5</sup>, up to the decision whether, where and how the investment will be made (see fig. 2.5, p. 37). By this definition the

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<sup>4</sup> While the concept of direct investment is usually applied to *foreign* direct investment it is here being applied to regions. According to this definition I consider all investment that comes from companies headquartered outside the two case study regions to be inward investment.

<sup>5</sup> In this context 'problem' is a neutral term and can also refer to a positive impetus, for example if a company perceives a cost advantage in relocating production.

implementation and the monitoring of success is not seen as part of the investment decision but as a separate process following on from the decision making process. The object of this section is the investment decision in the wider sense, that is including the preparation of the decision and not only the actual decision act that represents the investment decision in the narrow sense. While in practice these steps can often not be exactly separated, this distinction of stages is important for my thesis in that the individual stages are to different extents amenable to what traditional microeconomic theory would call 'irrational' factors 'contaminating' the decision. I will expand on this in the next section.

#### **2.4.2. Rationality and perceptions in investment decisions: micro-level processes**

In most management text books capital investment appraisal<sup>6</sup> is considered *the* instrument of the investment decision. However, capital investment appraisal can only be an *aid* to decision making because the complexity of a real world decision situation can never be exactly appropriated by a theoretical model. Hence, there remains considerable room for manoeuvre for the decision maker that extends beyond the results of calculations (Bickl 2000). The resulting question of how investment decisions are made in real-world practice is hardly covered by management and economics literature (Bitz 1998). Classic investment theory mainly deals with financial-mathematical calculations and organisation-theoretical aspects of investment. Little light has been shed on decision making processes and their variations as they occur *within* a company.

This may be due to the fact that the 'homo oeconomicus' has long been the ideal model of mainstream economics: humans seek complete information on all possible alternatives of action and then select the alternative that promises the highest economic gain. In this theory of rationality there is no room for behaviour that does not directly serve the assumed *raison d'être* of a company, profit maximisation, and this behaviour is consequently labelled 'sub-optimal' or 'irrational'. However, it is now widely accepted

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<sup>6</sup> Capital investment appraisal is a financial assessment of the cost effectiveness of a capital project set against economic criteria. It relies purely on a number of numerical techniques aimed at forecasting whether or not a project will deliver a sufficiently high return on investment. For a detailed explanation, including many examples, see Williamson 1996 and Baker and Fox 2003.

within management, economics and geography that economic activities and transactions are framed by social values and conventions (Heinen 1991: 3). More concretely, freedom of action economic actors is diminished by three sets of constraints: social values and norms, requests and expectations by superiors and colleagues within the system 'firm', and commitments that the decision-maker has imposed on himself or herself through previous actions and decisions (see Aharoni 1966, Cyert and March 1992, Golledge and Stimson 1997). The decision on whether, where and under which circumstances a company invests is in this respect no exception. Behavioural economics contradicts the assumptions of neoclassical theory according to which an investment decision is made solely to achieve the highest possible return on investment for the firm (Schauenberg 1998: 23f.).

In their classic book "A behavioral theory of the firm" (1992) Cyert and March doubt the complete rationality of an investment decision: They refer to several **actor-related** constraints such as the bounded rationality of actors, imperfect environmental matching and unresolved conflict. Cyert and March (1992: 53) claim that "modern entrepreneurs do not know all alternatives nor do they have all information about all alternatives. They invest in information only so long as the expected marginal return from the information gained exceeds the expected marginal cost." The investment decision is therefore already being made in part during the process of the preparation of the decision, through the allocation or non-allocation of resources (in the form of time and money) to research and collect information. It is therefore possible that some potential locations that are less obvious, that do not appear on the 'mental map' of a decision maker (or decision preparer, in this case) are not properly investigated or not investigated at all. Regions perceived in a negative way or not at all are likely to fall prey to this constraint. Moreover, during the first stage of a company's (re)location process, standardised information dominates and "in this stage the investigations into a possible location do not go much beneath the surface" (Wins 1995: 257).

The most severe impact on the 'objectivity' of investment decisions seems to lie in the bounded rationality of actors within a firm:

“(...) Rational actors are significantly constrained by limitations of information and calculation. Because of those limitations, explicit and timely calculations of optimality are costly or impossible. In neoclassical theories of the firm, organizations identify, choose and implement optimal alternatives. In behavioral theories, organizations simplify the decision problem in a number of ways. (...) They follow rules of thumb and standard operating procedures.”  
(Cyert and March 1992: 214f.)

This behaviour can be attributed to the limited information processing capabilities of the human mind, even if an action is *intended* to be rational. The capacity of the human mind for formulating and solving complex problems is very small “compared with the size of the problems whose solution is required for objectively rational behaviour in the real world – or even for a reasonable approximation to such objective rationality” (Viale 1991: 46).

Furthermore there are **environment-related** constraints of evaluating all possible investment locations. Even in the age of seemingly perfect information available on the internet, obtaining reliable information from trustworthy sources can be difficult. Much of this ‘insider information’ only circulates in networks of business communities that are often hard to access for newcomers to a certain area. Sydow (1992) identified two interdependent values in information networks: the quality of the information and the ease of access. The richer and more useful the information circulating in a network, the harder it is for outsiders to gain access to this network. This is because the network is based on the idea of resource exchange for mutual benefit, and good intelligence that spreads too far and uncontrolled does no longer represent a benefit for the receiver and thus no advantage over a person that does not have access to this network. Especially with *foreign* investment “the stock of information appropriated by an investor shows great deficits. Gaining information is often impossible or associated with disproportionate cost. A foreign language, a lack of statistics or a lack of willingness to provide information in many cases act as hardly surmountable barriers” (Kortüm 1982: 28, own translation).

It can therefore be expected that investment locations that are less well known or do not have a clearly ‘matching’ image tend to be not investigated. Unfortunately the empirical

evidence for this is patchy. In my Masters thesis I looked at how Bavarian manufacturing companies collected and evaluated information on possible investment locations in Mexico (Bickl 2000) and found a strong bias of decision-makers to investigate more thoroughly the locations which were already known as a cluster of certain industries or for which reliable information was readily available.

As examined, decision makers can suffer from both information overload as well as a lack of information. Both phenomena are likely to lead to simplifications in order to limit search and transaction costs of the investment decision. Management and Psychology have been interested for quite some time in how decision makers in general, and corporate decision makers in particular, have simplified the information about different possible alternatives of action and arrived at a more generalised 'image' of options. Image theory suggests that

“people create schematic knowledge structures, or images, which are used to help understand information and guide in choosing courses of action. These images provide a backdrop for interpreting and calculating all manner of stimuli. (...) Thus, for example, we have images of appropriate and inappropriate behaviors, successful and less successful projects, desirable and undesirable ballplayers, and pleasant and unpleasant music. New stimuli are compared with our images, and through these comparisons we develop an understanding of the context in which we find ourselves.”(Dunegan 2003: 62)

Essentially, image theory predicts that a decision maker's actions are a function of perception of three images: value images, representing a consolidation of an individual's morals and principles; trajectory images, representing future objectives; and strategic images, reflecting current plans and/or tactics (Beach 1990). Together these images help evaluate different alternatives of action by providing a framework for comparison. “When an alternative ‘fits’ with the images, it is said to have high image compatibility. Conversely, alternatives that do not ‘fit’ have low image compatibility” (Dunegan 1996: 414).

One of the central explanatory factors in image theory is ‘framing’. Several studies found that decision makers are systematically affected by the manner in which problems are worded or framed (Dunegan 1991). Framing is particularly relevant in the pre-decision stages leading up to the actual decision (see figure 2.5) as the action stage is only the end

result of a decision episode (Simon 1959). "Preceding the action stage is a process of information assimilation and evaluation through which perceptions about conditions surrounding the decision emerge" (Dunegan 1991: 379). In one of only a few empirical attempts undertaken so far, Dunegan (1991) examined the effects of framing on the decisions made by R&D managers in the oil industry. He found – in line with previous findings – that if perceptions about a possible alternative course of action were negatively framed, the decision process was more structured and critical, whereas positive framing led to more automatic and less systematic decision processes. This points at the possibility that negative perceptions of a potential inward investment location may trigger a more critical examination of the option whereas places with an aura of success and progress may be researched with a positive bias.

This finding is consistent with the concept of 'psychological distance' or 'cultural distance' (Köglmayr 1990) which claims that the intensity of foreign investment not only depends on the actual physical distance of the investment location (that is mainly being measured in transport and communication cost) but above all on the *perceived* distance. Accordingly, decision makers tend to favour countries that appear more familiar and 'closer' to them. For example, on the 'mental map' of most British investors the US seem closer than Ukraine, whereas in terms of physical distance the latter is much closer than the former.

In addition to management and psychological research, geographical enquiry has also sought to explain processes of simplification and reduction of complexity. Pocock and Hudson (1978: 19) see the image as "the sum of direct sensory interaction as interpreted through the observer's value system, and accommodated in the existing memory store, where inputs from indirect sources may be of at least equal importance." They specifically point to the function of image as a reduction and simplification of complex reality, a theme picked up by Ashworth and Voogd (1990), who argue that with corporate decision-makers, image often serves as a substitute for 'the real world' that is far too complex to be fully understood. Umberto Eco coined the term 'hyper-reality' to describe the effect where the actions of individuals are guided by perception more than reality.

Baudrillard (1981) even argued the existence of 'simulacra', a copy for which no original exists. Therefore, in many cases, "images are more important than the tangible results" (Ashworth and Voogd: 1990: 77), and the promotion of a favourable image is crucial for regional development.

In the image formation process, inputs from indirect sources are in many cases more important than direct personal experience (Pocock and Hudson 1978: 19). This holds true in particular for place images (Zonn 1990). In inward investment, decision-makers involved in the investment decision mostly have little personal experience of the region in question. The most prominent indirect source of image-forming information is the media: "The media are powerful agents in constructing preferred readings and interpretations of places, events and people" and play "a fundamental role in discursive battles over place identity and, especially, attempts to establish new identities for places" (McGuirk and Rowe 2001: 54f., drawing on Burgess and Gold 1985, Mitchell 1996). Public perception of a place is therefore likely to influence firm behaviour (most notably the choice of locality for investment), but empirical evidence for this causality is very limited (among the few studies attempting to make this link are Burgess 1982, Burgess and Wood 1988).

In summary, there is considerable scope for actor- and environment-related constraints to influence the investment decision most in its initial, less formalised and controllable stages, where representations and images provide clues as to which locations to discard and which locations to investigate in depth. My argument is that places that do not feature prominently on investors' mental maps are likely to be discarded without even having been properly considered. In today's world-wide competition for investment it is vital that potential inward investment destinations attract attention and give themselves a visible presence. This claim is a central part of Ham's (2001) idea of the brand state, which will be examined more closely in the following section of this chapter.



#### 2.4.3. 'Spectacular accumulation' in an 'economy of appearances': macro-level processes

There is evidence that investor behaviour has changed over the last decades in that it now is increasingly image-led. In his influential article "the rise of the brand state", Peter van Ham (2001) looks at processes of framing and mental maps as discussed above, but on an *aggregate* scale. He points at the growing importance of nations to develop and manage a 'brand' in order to be noticed on the international stage and to be economically successful: "Having a bad reputation or none at all is a serious handicap for a state seeking to remain competitive in the international arena. The unbranded state has a difficult time attracting economic and political attention" (p. 1f.). To van Ham, brand and image are crucial in "today's world of information overflow" (p.1) where the qualities of most places are alike, and, in their attempt of product differentiation, "depend on trust and customer satisfaction" (p. 3). The following quote puts forward some of the basic functions of image: creating awareness, underpinning identity, attracting attention, and building trust:

"Look at the covers of the brochures in any travel agency and you will see the various ways in which countries present themselves on the world's mental map. Singapore has a smiling, beautiful face offering us tasty appetizers on an airplane, whereas Ireland is a windy, green island full of freckled, red-haired children. But do these images depict real places, existing geographical sites one can visit? Or do the advertisements simply use cultural stereotypes to sell a product?

Over the last two decades, straightforward advertising has given way to branding – giving products and services an emotional dimension with which people can identify. In this way, Singapore and Ireland are no longer merely countries one finds in an atlas. They have become "brand states," with geographical and political settings that seem trivial compared to their emotional resonance among an increasingly global audience of consumers. A brand is best described as a customer's idea about a product; the "brand state" comprises the outside world's ideas about a particular country.

We all know that "America" and "Made in the U.S.A." stand for individual freedom and prosperity; Hermes scarves and Beaujolais Nouveau evoke the French art de vivre; BMWs and Mercedes-Benzes drive with German efficiency and reliability. In fact, brands and states often merge in the minds of the global consumer. For example, in many ways, Microsoft and McDonald's are among the most visible U.S. diplomats, just as Nokia is Finland's envoy to the world. In today's world of information overload, strong

brands are important in **attracting foreign direct investment**, recruiting the best and the brightest, and wielding political influence.”

(Ham 2001: 2, my emphasis)

Van Ham points at several campaigns undertaken in the past to achieve an image change, or to get noticed on the mental map of the global public at all: the shift from “Rule Britannia” to “Cool Britannia”, or Belgium’s attempt “to rebuild the country’s reputation after years of scandals involving government corruption, child pornography, and dioxin-polluted chickens” (p.4).

There is some evidence that certain investment decisions are based solely on the vague *expectation* of immense profits. This phenomenon is what Tsing (2000) termed ‘spectacular accumulation’ in an ‘economy of appearances’. She describes the “historical moments when capital seeks creativity rather than stable reproduction” (p. 118) and that “dramatic performance is the prerequisite of (...) economic performance” (ibid). In a case study of Canadian gold mining company Bre-X, Tsing (2000) gives a detailed account of how the company succeeded in persuading thousands of not only private but also corporate investors and banks to pour money into a venture that has never been profitable. In fact, the gold deposits that Bre-X convincingly claimed to have discovered never existed. Tsing ascribes this rush of ‘spectacular accumulation’ to the obligation for corporate investors to seek with increasing speed ever-new niches for the survival and success of their enterprises: “Investors are looking for the appearance of success. They cannot afford to find out if the product is solid; by then their chances for profit will be gone” (p. 141). As an example for this, Tsing (2000) quotes real estate development which “requires an assessment of desirability and growth, not demonstrated occupancy; it sells investors attractiveness. (...) Economic performance is conjured dramatically” (p. 142).

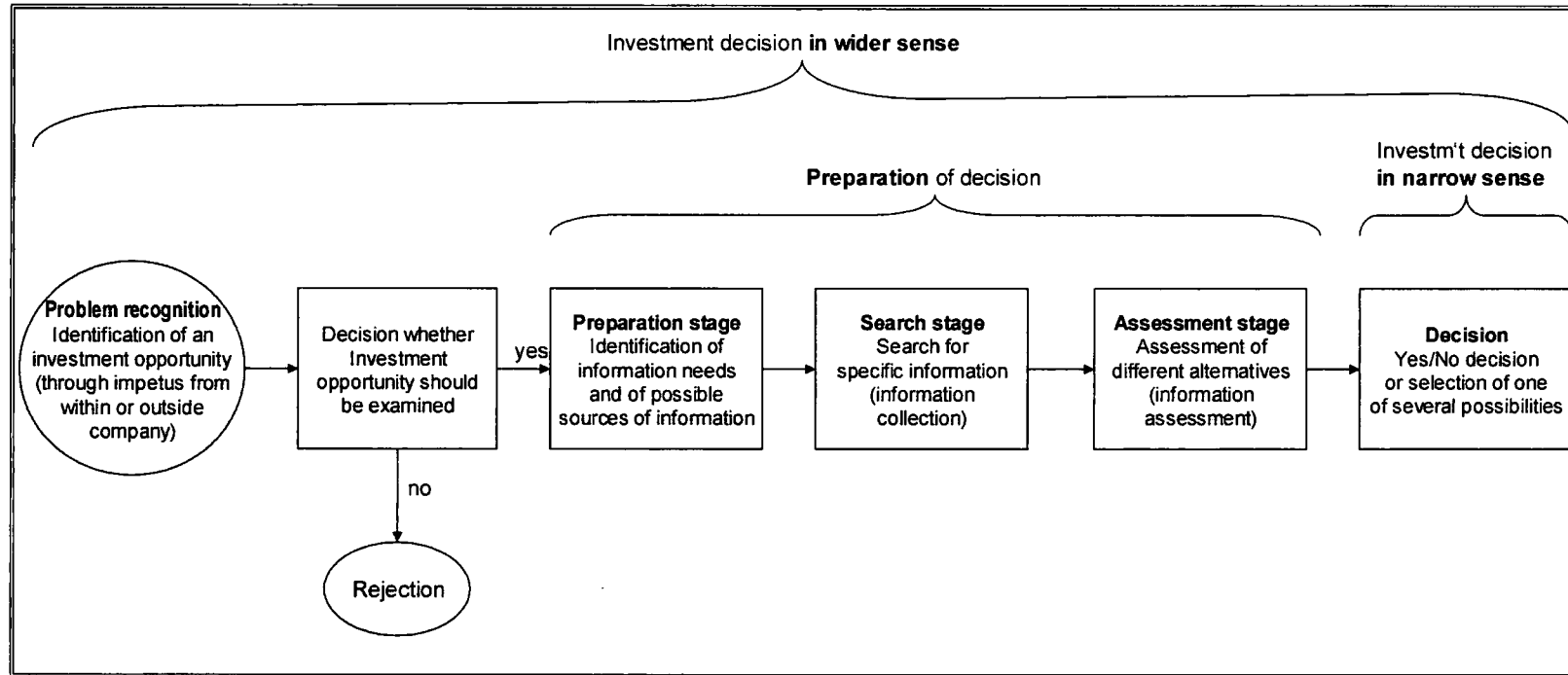
#### **2.4.4. Summary**

To conclude, there is evidence that investor behaviour is being increasingly image-led, both on an individual and an aggregate level. On the individual level, actor- and environment-related constraints are likely to influence an investment decision,

particularly in its initial stage, where the decision-makers are trying to reduce complexity and use 'rule of thumb' filters to select investment locations that are to be investigated in further depth. Less well-known locations are therefore likely to be not even considered, and locations that have an unfavourable image are likely to be examined more critically. On an aggregate level, the pressures of advanced capitalism to shorten turnover times of capital seem to lead to less systematic investment decisions that have to be made in ever-shorter time, further reducing the chances of less obvious investment locations being considered. The media play a crucial role in forming and reinforcing images and stereotypes.

Unfortunately, there seems to be very limited empirical evidence for the contention that investors are to a certain degree likely to be influenced by images and perceptions. Even an intensive literature search did not yield any studies specifically examining the influence of images and representations on investment decisions. The only empirical research in this field seems to be Gold and Holcomb's (1983) study that looked at how images were being *constructed* in an attempt to exploit the assumed link between perceptions and decision-making.

Clearly, however, the view that investment decisions are made in a completely rational manner cannot be sustained. And even if it could be sustained, it is clear that soft locational factors, most prominently quality of life, have become more important in investment decisions, especially in industries that rely on the expertise of a well-paid and internationally mobile work force.



**Fig 2.5:** The investment decision process

Source: Author, based on Dichtl (1983), Köglmayr (1990: 87), Lüder (1991: 1034), Golledge/Stimson (1997: 31-70), (Aharoni 1966: 14-46)

2.5. Place promotion as a process

Despite the importance of communication and the role of the media for place marketing, research has largely failed to study place promotion as a communication process (Lever 2001: 56-58). Most research to date has concentrated on the *outcome* of place imagery, that is the promotional material produced, while the *process* leading to this outcome has largely remained obscure. In response to this perceived gap Lever (2001) adapted Johnson’s (1986) circuit of culture as the ‘Image Cycle’ (figure 2.6). Lever points out that the communication process is a cycle of inextricably linked stages, including a feedback loop from the consumption of image to its production, as the ‘producers’ of place images (public and private sector organisations or partnerships between them) will ideally seek to incorporate feedback obtained from the target groups.

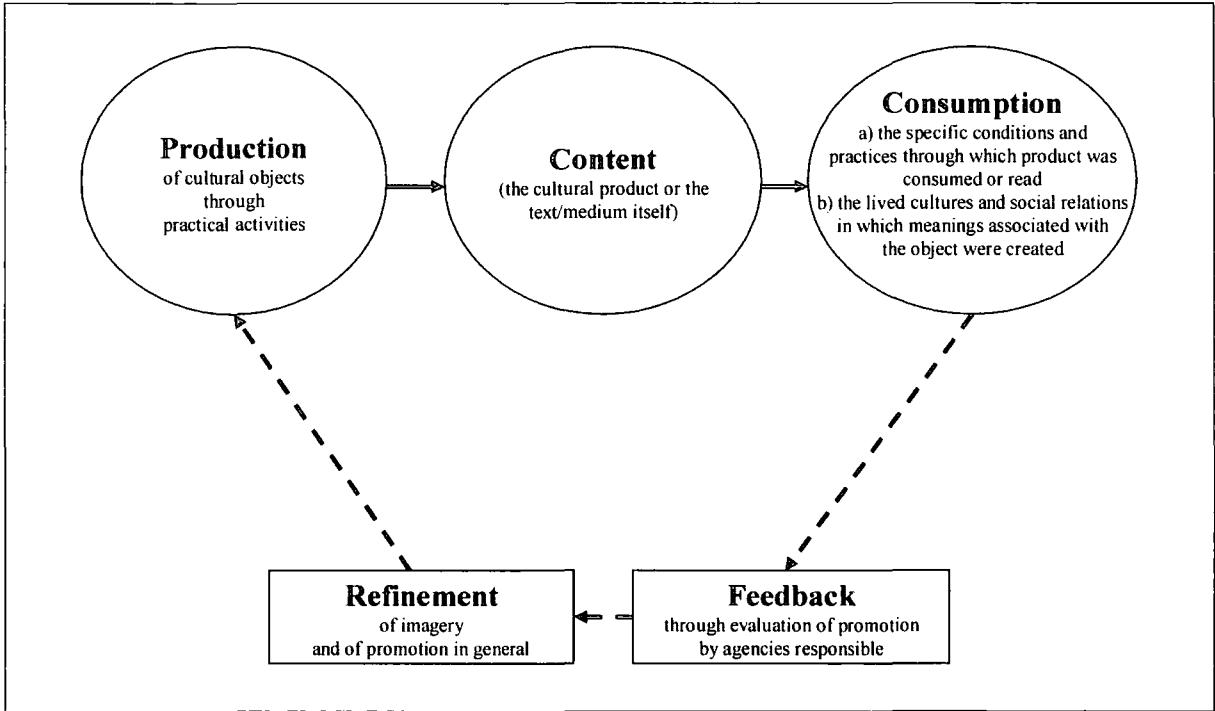


Fig. 2.6: The image cycle

Source: Adapted from Lever (2001: 67) and Johnson (1986)

For reasons of clarity and convenience of analysis, this model is a rather crude conceptualisation of the image communication process. The model does not reflect the fact that in reality there is no succession of clearly delimited stages. Lever (2001) gave evidence for an overlap between the different stages, and that several stages can happen simultaneously. What is more, there could be a rather fluid collaboration in the image construction between

‘constructors’, intermediaries and ‘consumers’, which makes it difficult to draw clear and defined lines between the stages as in the model. For example, it could be argued that relocation consultants are at the same time constructors, intermediaries and consumers of place images. Relocation consultants consume images in the process of information collection regarding alternative location options. They construct an image in and through the bundle of selected, evaluated and interpreted information that they pass on to their client, usually in the form of a report. In doing so, relocation consultants are at the same time consumer as well as an intermediary – a medium serving the purpose of transmitting information and images from the region to their client.

## **2.6. Applicability of marketing concepts**

Much of the literature on place marketing has been implicitly informed by the marketing theory of business management, but Ashworth and Voogd (1990) are widely considered to have been pioneers in putting forward a theoretical conceptualisation of place marketing. In adapting business marketing into planning, they regarded the place as a ‘product’ to be sold (the ‘place product’), and the target groups of place marketing as ‘consumers’. Accordingly, the instruments available for place marketers are ‘product’ improvement, pricing, and promotion (as shown in figure 2.1). Following the theory of consumer goods marketing, one of the crucial questions of image-management and place marketing is whether place promotion and advertising is simply trying to meet consumer demand (that is, to portray the image that investors find attractive) or whether place promotion can indeed create demand, that is, promote a product (place) through branding in such a way that consumers (investors) can be persuaded that the product (the place) has a value of its own. In consumer product advertising, creating demand usually requires a very cost- and time-intensive campaign with an enormous budget, but compared to the private sector place promotion budgets are very small. For example, *Deutsche Telekom*, Germany’s biggest provider of telecommunication, spends around € 1 billion per year on promotion, whereas the KVR (the Ruhr Local Government Association), who is the main player of place promotion in the Ruhr, has over the last years had a communications budget of € 5 to 7.5 million per year, no more than 7.5 % of the *Telekom* budget (personal communication with Dr. Nellen, Director of Communication, KVR).

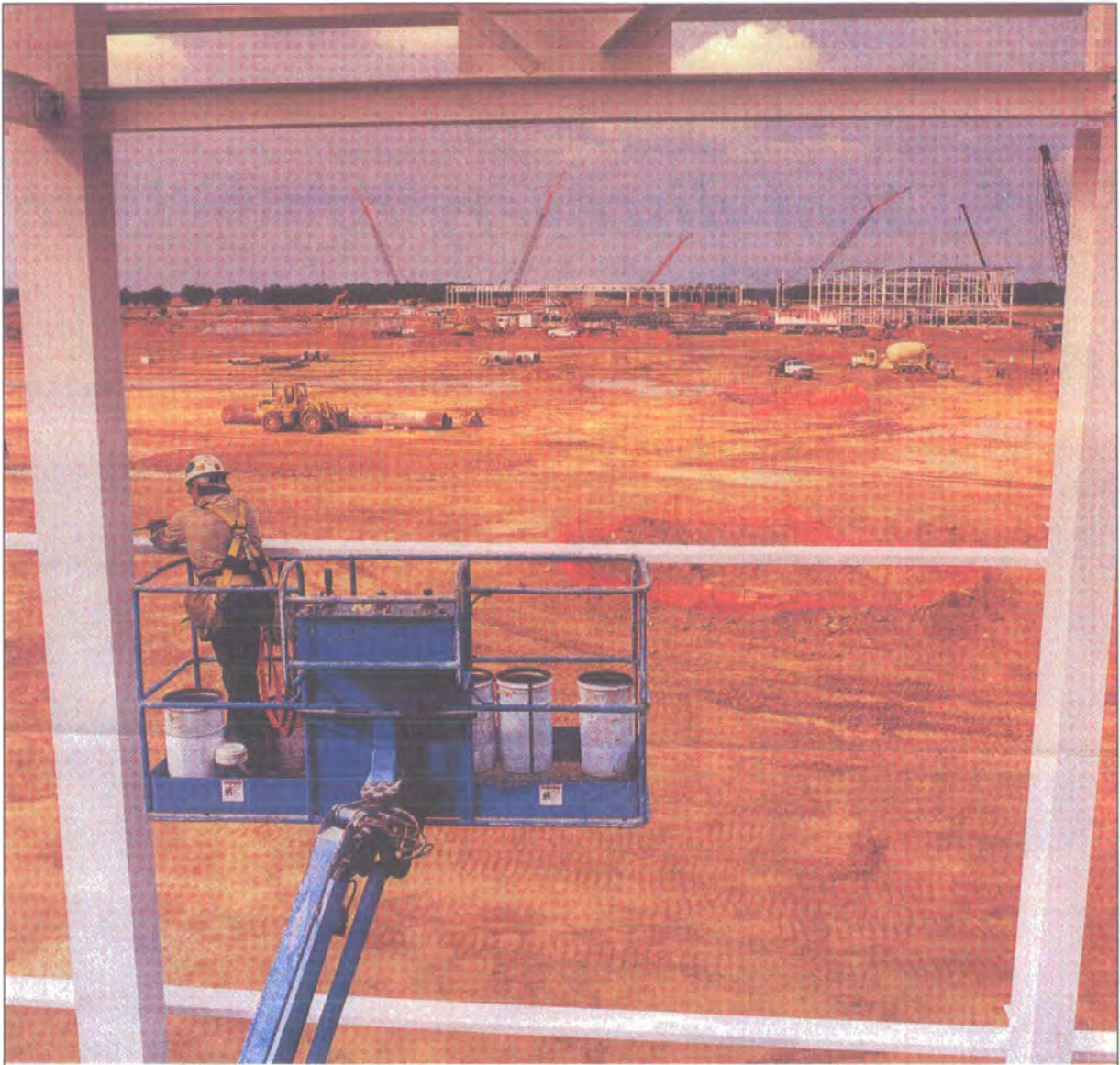
There are, however, difficulties in adapting some of the existing marketing theories to a place promotion context. Due to its complexity and the multitude of stakeholders the ‘place

product' (Ashworth and Voogd 1990) cannot be marketed like a consumer good. Most importantly, marketers are non-profit making, and the 'place product' is partly out of control of the marketer. The same goes for the images communicated and their perceptions, which are partly out of control of the marketer. First, because places are much more complex, and second, perceptions of place are derived from a far broader range of information sources and are likely to be more heterogeneous in nature than perceptions of consumer goods and services. What is more, places in their entirety are intangible (in contrast to consumer products). Thus, selling a place is more like selling an idea than selling a product. Ind (1990), who applied marketing theory to image-building efforts of companies (corporate image), reported similar conceptual difficulties.

## **2.7. From 'old' to 'new' place marketing: the growing prominence of image building**

Place promotion has a long history. Ward (1998) traced it back to as long ago as the mid-19<sup>th</sup> century, when 'The West' of North America tried to attract settlers and capital (Zube and Kennedy 1990). Prominent examples for place promotion in the early 20<sup>th</sup> century were seaside resorts, for example Atlantic City in the US, and Brighton in the UK (Ward 1998, chapter 3) competing for tourists, and suburban residential developments around London trying to attract dwellers (Gold and Gold 1994). "Contemporary activity is qualitatively different to earlier efforts, as much of it involves the re-imaging of localities, rather than simply extolling the (existing, M.B.) virtues of a particular place" (Lever 2001: 19, see also Hubbard 1996, Waitt 1999). This technique has most prominently been applied to 're-invent' the rusty image of old-industrial towns and regions and to transfer it into a modern, progressive and high-tech image (Holcomb 1993, 1994; Barke and Harrop 1994). This has contributed to a shift from a traditional "try to make the customer buy what you have" to a modern "try to have what the customer wants" approach (Holcomb 1994: 116). More precisely, the 'new' method should be called "try to make the customer *think* that you have what (s)he wants" approach, as modern place-marketing largely rests on the re-invention of places, on the creation of a favourable image (Griffiths 1998). There is thus a strong case for focussing attention on the 'heart' of contemporary place marketing, the image-management process.





**LAST APRIL, WE BROKE GROUND ON THE NEW NISSAN PLANT.  
BUT WE'VE ALREADY LAID THE FOUNDATION FOR MUCH MORE.**

When the state of Mississippi and Nissan joined forces it wasn't just to build a new plant, it was to build toward a bright future. Together. Our new, leading-edge facility in the city of Canton is where it all starts. It will soon have the capacity to assemble\* some 250,000 Nissan full-size trucks, full-size SUVs and our next-generation minivan. All to meet the ever-increasing demand for Nissan products in North America. And to infuse the local economy with new jobs – potentially up to 4,000. And as if that weren't enough, this new plant will spur further growth in and around the state. All of which goes to show that this new facility will do more than produce incredible products, it'll produce an incredible amount of pride in all of us. For more information, visit [mississippiandnissan.com](http://mississippiandnissan.com).



\*U.S.-Built Nissans consist of domestic and globally sourced parts. Nissan and the Nissan Logo are Nissan trademarks. ©2001 Nissan North America, Inc.

**Fig. 2.7:** A full-page advert in Business Week. The state of Mississippi and Nissan jointly promoted the fact that Nissan had established a sizable factory in the state.

Source: Business Week 13/02/02.

What has also changed are the institutional arrangements, both in terms of responsibilities on different levels of scale (from national to local government) and in the variety of actors involved. While place marketing used to be undertaken by public offices, there is now a web



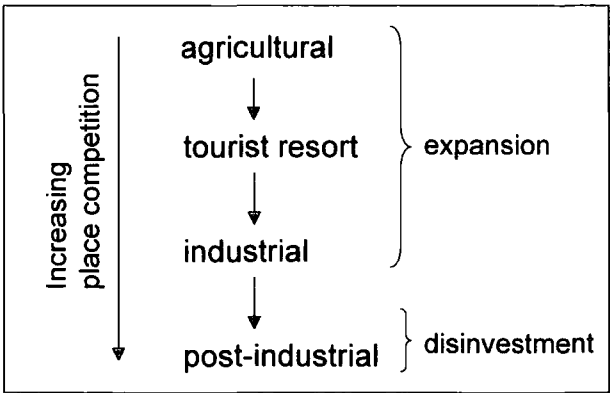
of outsourcing and service providers around public agencies and public-private partnerships. Increasingly, private sector companies are not only used as part of the promotional message (“Company X has located here because it found our place fantastic”, see figure 2.7) but their involvement is also sought to benefit from private sector capital and expertise in designing and carrying out promotional strategies. Even if the responsibility for and control of place marketing still rests with public agencies, this change reflects the tendency towards privatisation and increasing efficiency encapsulated in the idea of urban entrepreneurialism. In many cases, financial budgets are now bigger than ever before. As Holcomb (1994: 120) observed, place marketing has now become “professionalized big business”.

Parallel to its rise in practice, social scientists have adopted a growing interest in the promotion of place images, starting with Lynch’s pioneering work in 1960, followed up by geographers Hudson and Pocock (1978) who acknowledged the connotative, behavioural and humanistic qualities of images, in a way that individuals have unique perceptions of and responses to their environment. The cultural turn in geography fostered a constructionist view of place experience to include perception and cognition. Places were no longer looked at (by researchers) as something fixed and abstract, but rather as a social construct that only gains meaning through the individuals’ reception (‘meaning lies in the eye of the beholder’). Individuals make sense of a place in many different ways. “Whilst all material may be potentially meaningful, it is only made meaningful through its relationship with existing cognitive structures” (Prince 1982: 3 quoted in Lever 2001: 20). Places are as much social constructs as they are ‘real’. In researching the process of this construction, geographic research has, since the 1980s, expanded to include the media (Burgess and Gold 1985) as a main actor in the construction of place images (Zonn 1990). My thesis looks at *how* and by whom this construction is being undertaken.

As demonstrated, present-day place marketing is different from that of former times not only in scale and intensity, but also in quality. This may be partly explained by the change of the environment in which place marketing operates. The early efforts of place promotion took place in an environment of economic expansion. Modern, post-industrial marketing, however, finds itself in an ever-increasingly competitive environment, as the post-industrial age is characterized by *disinvestment* in industrialised countries (see figure 2.8). In other words, the ‘investment cake’ that is to be distributed among the industrialised world is growing much

slower than previously, if not shrinking, which often leads to frantic promotion efforts. In the words of Ward (1998: 186),

“Everywhere throughout the older industrialised countries, cities were experiencing major structural changes as their older industries declined with obvious replacements. (...) As it dawned on the leaders of these cities that they were indeed peering into an economic abyss, with all the associated demographic, social and political implications, they began to seek new sources of wealth and new ways of stating their importance as places.”



**Fig. 2.8:** A time- and theme-scale of place promotion. Even though, typically, in post-industrial places marketing is employed to mitigate the effects caused by disinvestment in certain industry sectors, we can also find place marketing in thriving places like Baden-Württemberg.

Source: Author's own work, based on Ward (1998)

### 2.8. Summary

This chapter has introduced the concept of image management – the object of analysis of this thesis – and has placed it in the wider context of place marketing, inward investment promotion and the new regionalism. It has demonstrated the tautology between image and reality, and the associated shift in place promotion away from the presentation of ‘hard facts’ to the promotion of particular lifestyles and cultures. The chapter has also identified four reasons for the adoption of image management by localities: dissatisfaction with traditional instruments of place marketing, changes in investor behaviour, increasing competition between places, and the associated normative discourse of competitiveness and entrepreneurialism. Overall, the chapter has demonstrated that image is regarded as an important factor of economic development, and that there is considerable scope for images and representations to influence an investment location decision. The evidence for this, however, is often anecdotal, which is partly due to methodological difficulties associated with empirical research on this topic. Some of these methodological choices and challenges will be outlined in the following chapter.

### 3. METHODOLOGY

*One of the most difficult empirical problems faced in the analysis of public policies is determining specifically who the consequential actors might be in any policy domain. Although one might be able to begin to specify these actors by utilizing a good understanding of formal institutions and of the persons occupying key positions, such a specification is almost inevitably bound to be incomplete. Policy-making is replete with informal relationships and the operation of subtle, somewhat opaque norms that empower certain actors in unexpected ways.*  
(Coleman 2001: 11610)

This chapter examines methodological challenges and choices. It describes the methodological approach and the process of data collection and evaluation. As previously mentioned, image and representations are complex and elusive concepts, and thus a variety of methods were used: analysis of secondary data such as statistics and existing academic studies, press articles and policy documents; semi-structured interviews; and an analysis of the promotional material produced. Multiple methods were used to yield a deeper and richer explanation.

#### 3.1. Research design

On an epistemological level – due the complexity of the image management process – it seems advisable to adopt a case study approach. As examined in the previous chapter, image building is a multi-layered and multifaceted process. A detailed understanding of these processes is most likely to be achieved through an in-depth study concentrating on one or a few examples (Yin 2003). On a practical level, the limited time and monetary budget available mean that an in-depth study can only be undertaken of a limited number of cases.

Research has hitherto shown a clear preference in terms of size and location of case study areas: the vast majority of studies have concentrated on cities in general and large cities in particular, and on North American, and more generally, English-speaking countries of the ‘developed’ world. The regional level of analysis as well as non-English speaking and international contexts have received little attention, despite the merit of an international comparative study of regions. Firstly, it is widely acknowledged that areas of coherent economic activity extend well beyond city boundaries and into the *region*, and place promotion is often conducted on a regional level (for example, Regional Development Agencies in Britain or the *Länder* governments in Germany). At the same time, it is still the

nation state that is the most important scale of regulation, setting most of the 'rules of the game' for regional economic development and place promotion. At the supranational level of regulation, the EU has been gaining influence through the operation of a single market and the Regional Development Fund, both of which changed the conditions of competition between the European regions and affected the regional responses to this competition, including place marketing. In a "Europe of the Regions" the EU sees itself distributing, through its structural and cohesion funds, money directly to regions rather than the nation state. This constitutes a strong practical and political imperative for regions to demonstrate their political ability to act. Yet there are tensions between regions, nation state, and EU as to in how far national governments in practice adhere to the principle of 'additionality', or whether they use EU funds to substitute their national regional development assistance.

Since I want to concentrate on the interplay between processes of governance, place promotion and the use of images, I find it advisable to select case study areas that are in a similar socio-economic situation but are set in the context of different political systems and traditions of governance. A focus of my research will be how different national and regional institutional settings influence the regional image building process, and how EU and nation state frameworks are being reinterpreted at the regional level.

Evidence suggests that the operation and effectiveness of image communication in place promotion is to a great extent influenced by governance and policy-making processes. Regulation and governance are undoubtedly bound up with questions of scale and the delimitation of territory, for processes of governance do not take place on a single, level and nation-wide playing field. Even in a (still) centralist country like the UK, in which England does not have any tier of *government* between the nation state and local government, there is a much greater number of agents of *governance* on various scales, even if the number, nature and the exact territorial delimitation of these agents of *governance* can be difficult to establish. As Allen et al. (1998) have demonstrated in the case of the South-East of England, regions are not 'out there' waiting to be discovered. They are constructed and constantly modified through human activity. Thus, a region is a product of social and cultural relations. Therefore, an examination of processes of governance of place marketing has to be preceded by an attempt to delineate the region(s) in question. This will be done in the following chapter (Regional Case Studies).

In examining the image cycle, my starting point will be the influence of institutional arrangements and their collaboration on different scales. I would argue that in EU member countries these arrangements are mainly determined by the nation state, even though the EU is gaining importance as a regulatory body. This is a case for the selection of countries as a first step, followed by the identification of appropriate regions.

The main reason for the focus of this thesis on *regions* rather than local authorities or the nation state is twofold: On a theoretical level, there are strong claims that regions have, for some time, been the most important economic units. Storper (1995 and 1997) sees the region as the nexus of untraded interdependencies, and his basic argument is that the region is best able to capitalise on those interdependencies, as the local scale is too small to allow for meaningful exchange and synergies, and the national scale too big to enable the functioning of institutions (in the wider sense) that require spatial proximity.

Secondly, the region is the focus of intense political debate in both Britain and Germany. In Britain, the process of devolution is currently asymmetric with Scotland and, to a certain extent, Wales and Northern Ireland being equipped with considerable powers of self-rule. The proposed introduction of regional governments in England is a matter of heated debate, and while most of the public discussion runs along political and cultural lines, one of the crucial questions is whether or not the region is an appropriate scale of economic governance. One of the central aims of the British government in encouraging devolution is the hope that economic performance of the English regions will improve (the link between regional governance and economic performance has been examined in more detail in chapter 2.3). In Germany, national-regional government relations are fairly stable, but there is considerable tug-of-war between the federal and *Länder* governments about competencies of economic policy, with the two sides accusing each other of interfering with and undermining the sovereignty of the other side and transgressing the boundaries of self-rule guaranteed by the Basic Law.

While this has been a very short discussion (for a deeper and systematic analysis of the resurgence of the interest in regions, see Wood 2001 and Storper 1995), it has provided justification for my focus on the region as the object of analysis. As demonstrated above, there is also a strong *empirical* justification for this focus. In both in Germany and Britain *regions* were the scale on which the most costly and visible image management efforts have

occurred to date. Examples include Scotland, Wales, North East England and North West England in Britain, and Baden-Württemberg, Saxony and the Ruhr in Germany. There is also widespread recognition among planners and economic development practitioners that the region has become an area of increasingly dense economic relationships. In Germany, one of the most prominent current debates in urban and regional planning is centred around 'city regions' (Blotevogel 2000), prompted by an understanding that exchange relationships are intensifying regionally, such as widening commuter catchment areas and regional sales and supply relationships.

### **Selection of case study areas**

Overall, I tried to select 'typical' cases (Stake 1995). The case study areas selected exemplify the phenomena of de-industrialisation and socio-economic tensions that I want to explore. I have therefore selected countries 'typical' for a certain political system of regional-national power relations, and regions 'typical' for their dependence on a declining industrial base and their image problems. I would argue that a number of case study area of two leaves enough time to understand the complexity of each case and the commonalities and differences between them, while at the same time not putting excessive demands on resources.

#### *Countries*

Within the EU, the range of political systems and power-sharing in nation states between the local, the regional and the national scale range from centralist to federal. On the other hand, the political power-sharing is not set in stone, and one important factor of influence is the constant re-negotiation of the status quo through everyday political practice, as well as through more formal negotiation, informed by popular demand of people living in the regions as well as private sector companies and their interest groups. Within individual countries the regional level of government – if it exists – enjoys various degrees of constitutional recognition and resulting bargaining power that draws on various bases of power, ranging from constitutionally enshrined rights to everyday political practice. One of my key research hypotheses is that attempts of image management on the regional level are contingent on differences in state traditions (as set out below) because of the variations in cohesion and policy-making powers held by regions.

The United Kingdom and Germany provide an interesting comparison, since they represent two different traditions of political systems and approaches to regional-national distribution of power, including regional policy:

The **United Kingdom** consists of four nations and is governed rather centrally. Only recently has devolution within *England* begun, in recognition of the current asymmetry of Scotland and Wales having their own parliament or assembly while there is no layer of government in England between the national and the local scale. Some commentators and regional politicians see the hitherto purely economic Regional Development Agencies as a first step towards a regional government. In the policy field of place marketing, the North East has repeatedly demanded from central government to create a more level playing field, as there are fears in the North East that the massive inward investment promotion budgets of Scottish Enterprise and the Welsh Development Agency could jeopardise the North East's share of inward investment inflows (Pike 2002). Economic development policy, however, is just one element in central government's political drive to establish regional government in the English regions. In this process, North East England will be the first region to hold a referendum on 4 November 2004 on whether or not it wants a regional government with extended powers not only in economic development but also transport, housing and cultural policy.

**Germany** represents the opposite end of the spectrum, with a strong federal tradition that has two to three (this depends on the individual Land) layers of elected government between local and federal government. Germany as a nation state was formed relatively late, when 26 independent or semi-autonomous states united in 1871 to form the Deutsches Reich (Schubert and Klein 2001). After World War II, the Länder were reorganised so that with the exception of Bavaria and the city states of Berlin, Bremen and Hamburg, all Länder are now parts of or amalgamations of former states. North Rhine Westphalia, for example, was created from three Prussian provinces; North Rhine, Westphalia, and Lippe-Detmold (Andersen and Woyke 2000). Despite these divisions and amalgamations, regional identity is generally strong and reflected in a high degree of autonomy for each of the 16 Länder which have their own tax-raising powers and responsibility for essential matters such as education, policing, and regional planning (Federal Government Information Service 2001). Chapter 4 (Regional Case Studies) contains a more detailed outline of national-regional power relations in Germany and the UK.

Following Loughlin and Peters' analysis (1997), the United Kingdom and Germany exemplify two fundamentally different state traditions. They argue that any political reform or policy innovation, be they gradual or revolutionary, can only be understood in the context of the long-standing political traditions and attitudes (*Staatsverständnis*) of the state in which they occur. Loughlin and Peters (1997) also acknowledge the "very long-term and pervasive effects of *institutional* choices" (p. 43, my emphasis) and the mutual dependency between state traditions and these choices. State traditions can therefore be seen as "sets of institutions and cultural practices that constitute a set of expectations about behaviour" (Loughlin and Peters 1997: 47). These observations are in line with Brenner's (2004: 107) argument of path-dependent state development that is "best conceived as a layering process in which newly emergent state spatial projects and state spatial strategies (i.e. institutional frameworks and specific policies, M.B.) are superimposed upon entrenched morphologies of state spatial organization." Maintaining Brenner's analogy of geological layering state traditions would be the bedrock on which all other layers are based but which can still be subject to change, albeit incremental more often than revolutionary. This is because the compatibility of political projects is measured against long-standing state traditions, but on the other hand everyday political practice often gradually changes attitudes towards existing state traditions and eventually might effect a change of traditions.

One of the main differences between Anglo-Saxon state traditions as manifest in Britain on the one hand and Germanic state traditions on the other lies in the fact that the former largely lacks a legal basis for the state. In addition, in the Germanic tradition there are "a number of governments at several levels each expressing the authority of the state" (Loughlin and Peters 1997: 48), whereas in Britain there traditionally has been little room for any expression of state power other than through central government, and this is reflected in the fact that in the UK all power currently held at levels below the nation state is completely at the discretion of central government. The existing degree of devolution for Scotland, Wales and Northern Ireland, as well as the English RDAs (which are often interpreted as a first step towards a regional government) could be revoked at any time simply through an act of the Westminster Parliament. Indeed, the UK used to have rather powerful local governments, but many of these powers have been taken away during several waves of policy centralisation, especially during Conservative rule between 1979 and 1997, and to a lesser extent since Labour came to power. Any state power expressed at the local level has been and still is determined centrally. In Germany, the simultaneous representation of state power by governments on several scales



leads to a high degree of *Politikverflechtung* (interlocking federalism). This results in a high degree of consensual politics and bargaining as both federal and *Länder* governments are able to effectively block each other's proposed legislation in many policy areas (These struggles are outlined in more detail in chapters 4.3 and 4.4).

The two different state traditions have also given rise to differing interpretations of the merits of regionalisation, be it in the administrative or political sense (elsewhere I have made the distinction between regionalisation [administrative, executive] and devolution [political, legislative]). Following Loughlin and Peters' (1997) line of argument the project of political regionalisation is more compatible with Germanic than with Anglo-Saxon state traditions: "regional governments, as emanations of the central government (...), are foreign to the [Anglo-Saxon state] tradition" (Loughlin and Peters 1997: 51). On the face of it, in the semi-unitary state of the United Kingdom there seems to be a contradiction between unitarianism and regionalisation. However, as Loughlin and Peters (1997: 47) argue at the example of the French state, there can be a compatibility between the unitary logic "and the regionalist logic providing the latter is not an expression of federalism." Therefore, not only administrative decentralisation but even political regionalisation can be seen as a strengthening of the unitary state, improving the effectiveness and cohesion of the unitary state through increasing administrative efficiency and softening separatist movements.

In the context of image management and institutions it is important to look at each national **regional policy**. The core of many regional development policies has been to foster the development of institutional arrangements that encourage economic growth. Crucial to growth is a positive business climate, part of this in turn is a good image. Despite all claims of the hollowing out of the nation state it is still the central government that "determines the 'rules of the game' for local actors, albeit that these may in turn be reinterpreted in different local contexts." (Gibbs et al. 2001: 106). This suggests that despite the same national context there is scope for different developments and institutional set-ups in different regions of the same nation-state. In its regional policy, the UK has traditionally employed a top-down approach, with the process of regional development being centrally governed. Only over the last decade or so has central government handed down competencies to regions and localities, largely as part of a more entrepreneurial approach to regional development (Hall and Hubbard 1998), involving greater financial self-reliance of localities. (West) German regional policy has been a mixture of federal and *Länder*-driven approaches. While local governments are dependent

on state and federal subsidies and thus lack complete financial autonomy, they enjoy almost unrestricted sovereignty in spatial planning.

### *Regions*

There are a number of rationales for the choice of regions. Firstly, since the regional image and attempts to modify these representations are my object of analysis, appropriate regions must have an image problem. The underlying assumption is that image management largely is a *reaction* to problems in attracting investment as a result of an unfavourable image. In other words, 'you don't care about your image unless you perceive it as an obstacle'. It is regions in crisis that are likely to suffer from an image problem, but at the same time are in particular need of inward investment as part of a regeneration strategy. This makes a case for selecting old-industrial regions that are trying to break out of the vicious circle of image problems and under-investment. This ties in with arguments about the interdependence between a lack of institutional capacity and poor regional economic performance (Gibbs et al. 2001).

The focus on old-industrial areas would still leave several regions to choose from in Germany, especially in the Eastern Länder. However, I decided against selecting an East German region as this would distort the comparison. First, because the challenges of economic transition in the five new Länder are much more fundamental than in the West, namely from a socialist planned to a capitalist, social market economy. There is no region in the UK facing a challenge of an equivalent scale, and therefore a meaningful comparison would hardly be viable. Second, and partly as a consequence of the first point, federal government intervention in East Germany since re-unification has been (and still is) much greater than in the Western Länder (Sturm 1997: 276), mainly because of the radical restructuring of the Eastern Länder that had to be achieved in a short amount of time. It can be assumed that this high degree of direct federal government intervention will apply only until the transition is largely accomplished and is a temporary, atypical state. Therefore, an East German region at this point in time would represent a rather atypical example for Germany and for the Germanic state tradition as a whole.

I argue that old-industrial regions have a specific set of image problems, different from those of other types of European 'problem regions' such as the south-west of Ireland or the Greek Islands (which arguably have less of an image problem). A theme that appeared in most of the interviews undertaken for this thesis was that old-industrial areas are often perceived as run-

down, ugly, boring, polluted, haunted by unemployment, poverty and social unrest, as a region whose best times are over. Note that some of these descriptors are rather emotional, such as “ugly” and “boring”. Many of these places have come to realise their image problem and are attempting to re-invent themselves (Holcomb 1993, 1994), and there are ‘discursive battles’ (McGuirk and Rowe 2001) over a new, ‘appropriate’ image. The KVR, the Ruhr’s Local Government Association, commissioned an image study before the start of its first campaign in 1985. A survey of 2,000 German households showed that the overall interest in the Ruhr from outside was low. The images most frequently associated with the region were: grey and unattractive industrial region, one-sided economy with no future, low quality of life, environmental pollution, and low educational attainment (Dahlhoff 1989, Kerkemeyer and Thies 1993, KVR 1995).

Secondly, to isolate the influence of institutional structures, learning strategies and leadership on the image management process, the regions ideally have comparable characteristics such as comparable size and socio-economic conditions.

	North East England	Ruhr
Country	United Kingdom	Germany
Name of region (EU NUTS1)	North East	Nordrhein-Westfalen
EU Regional Development Fund classification	Objective 2 (most of the region)	Objective 2 (parts of the region)
Area (km²)	34,000	8,600
Population (million)	2.6	5.1
Manufacturing sector employment	22.5 %	32.0 %
Unemployment	6.7 %	11.9 %
Per capita GDP (national average = 100%)	76	98
Political system of nation state	Special case: four nations within one nation state. Centralist, unitary; partial and asymmetrical devolution Frequent change in regional government structure	Federal Regional government structure virtually unchanged since 1949.
Political power of region	Low but growing	High but decreasing
Main economic development and place promotion stakeholder organisations	National government and regional development agency	Land government and Ruhr Local Government Association (KVR)

**Fig. 3.1:** Some political and socio-economic characteristics of the case study areas

On the basis of these considerations I selected two case study areas that share similar socio-economic characteristics, that are old-industrial, are considered 'peripheral', and that have an image problem, set in two different political contexts of nation states: the North East of England and the Ruhr in Germany. The North East has a political boundary in the form of it being a region as defined by central government, whereas the Ruhr is part of the Land of North-Rhine Westphalia (NRW).

Figure 3.1 shows a profile of the two case study regions and specifies how they meet the criteria set out above:

- Old-industrial: both regions have a large stock of 'old' industries that are in decline. Both have reduced their dependence on manufacturing as the main source of employment, but they are still considered 'problem regions' by the EU and therefore eligible for Objective 2 ('structural problems') ERDF funding. In a wider sense, old-industrial does not necessarily have to refer to concentrations of heavy manufacturing and engineering but simply to industry that is considered not be a significant source of revenue and employment in the future.
- Image problem: Both areas are trying to 're-invent' themselves and build a better image. Both regions have to a certain degree succeeded in attracting 'future-proof' industries and in diversifying their source of employment.
- Peripheral: North East England is peripheral even just considering its physical location. Using a broad definition of periphery as opposed to 'core' introduces the concept of marginality (Bailly and Weiss-Altaner 1995). Economically and socially both regions can be considered 'marginal', as they are not exactly the 'hot spots' of their national economy. Both regions are also 'marginal' in a political sense as they are largely excluded from policy-making: the powers of the Ruhr's regional body, the KVR, are limited to very few policy areas, and North East England has no regional government at all.

### **3.2. Data sources and methods of analysis**

As outlined previously, the concept of image is elusive, and political arrangements are complex. This, coupled with an interest in examining *processes*, suggests that qualitative methods are appropriate as the main data source.

### **3.2.1. Secondary sources**

Both regions have been selected (a) because they are old-industrial and economic development professionals perceive this old-industrial image as a disadvantage and (b) upon economic and social indicators showing that both are among the most disadvantaged regions of their country. Additionally, existing academic literature as well as ERDF publications (EU Commission 1999) identified both regions as having structural problems (Vanhove 1999).

The relevant investment promotion agencies have been identified through the World Bank's Investment Promotion Agency Directory (<http://www.ipanet.net>). On a national level, the relevant agencies are: UK Trade & Investment (Formerly InvestUK and Invest in Britain Bureau), and the Office of the Commissioner for Foreign Investment. Both agencies and my own fieldwork have helped identifying the relevant economic development/inward investment promotion agencies on the regional and local level.

### **3.2.2. Primary data**

Since most of the required information is more specific than that available from secondary sources, I had to undertake a significant amount of fieldwork. The methods used were semi-structured interviews and, to a lesser extent, document analysis of the promotional material produced and of public and internal publications on the image management process. The construction, communication and consumption of images cannot be directly observed, because they (a) take or took place at a time different to my fieldwork (i.e. in the past, or take too long to be observed in a two-year fieldwork period), and (b) because the construction and exploitation of representations are often mental processes and/or based on informal contacts, for both of which no external records exist. Therefore, I largely had to rely on promotional material as one the few tangible products of image building, and on what the actors involved were willing and able to tell me about the processes behind the image-building activities.

As a first step I needed to find out what organisations and individuals were involved. The source for this information could be (a) internal notes and documents of organisations involved, (b) interviews with key persons in these organisations. It turned out during the research that (a) hardly existed or, where it did, was in most cases not made available to me, which meant that I had to rely on (b) as the most appropriate and feasible way of date

collection. A total of 59 interviews were conducted with senior members of organisations and institutions involved in image building:

- Government of various scales: (EU, national, regional) and public sector organisations (mostly economic development agencies). In both case study areas local government departments or economic development agencies were interviewed. In the example of North East England, the former group comprised national and local government – as there is no regional layer of government. The latter group comprises UK Trade & Investment, ONE North East, and economic development organisations of local government (e.g. the County Durham Development Company)
- Private sector companies and their interest groups (e.g. chambers of commerce). These can be divided into those companies who have a vested interest in a positive image of the region they are rooted in, and those who provide professional services to place marketing and image building efforts (e.g. graphic design, advertising or media companies), but who otherwise have no particular attachment to the region.
- Citizens' and community groups (e.g. local initiatives, trade unions)
- Informal partnerships and official coalitions. These are usually public-private partnerships between the state and private companies, for example, local regeneration schemes, but can also involve wider participation, such as the Newcastle-Gateshead Initiative. Partnerships in the Ruhr were mostly formal whereas the North East contains many fluid or short-lived and less formal partnership arrangements, which makes their identification more difficult.

To reflect the heterogeneity of both case study areas in the sampling process I made sure that typical cases in both regions were included: for example, in North East England interviews with economic development agencies included the region's administrative and financial centre of Newcastle, the old-industrial shipbuilding and steelmaking areas of Wearside and Teesside, and rural Wear Valley with an economy that is based on agriculture, tourism, and significant commuting to the region's conurbations. The same idea was followed in the Ruhr, where economic development agencies interviewed included the northern part of the Ruhr where mining and chemical industries are still active, Bochum as a city attempting re-industrialisation, Duisburg as a growing location of call centres, Essen as the 'city centre' of the Ruhr and headquarter location of most of the Ruhr's largest firms, and Dortmund as a city that has successfully attracted high-technology companies.

As far as the order of case study areas is concerned, I began with the North-East of England as a first investigative study. This allowed me to refine my research questions and methods in a place where support from supervisors and University facilities were readily available. The fieldwork was spread out over a total of 3 years. The pre-test interviewing took place in June and July 2001 across both regions. The bulk of interviews in the North-East were conducted from August to November 2001, and in the Ruhr during my time as a visitor to the Department of Geography at Mercator University, Duisburg, between January and April 2002 and again in September 2002. The interviews were rounded off by a visit to the EU Commission for Regional Development in January 2003.

### **Quantitative versus qualitative methods**

Quantitative methods are usually chosen “when the goal of the study is to represent some phenomenon numerically” (Cocking and Cuba 1994: 92) whereas “qualitative methods are best suited to answering questions about social organisation and processes (...) and to illustrate the richness and expressiveness of social interaction as it occurs in specific contexts” (ibid). The elusive nature of the concept of “image” coupled with an interest to examine *processes* suggests that *qualitative* methods are appropriate.

More concretely, the method of semi-structured interviews with key actors was chosen for three reasons (Lamnek 1989). Firstly, semi-structured interviews offer enough freedom to be flexible when moving into a comparatively uncharted research territory. They give the interviewee the chance to express their opinions in their own words, without having to make their comments ‘fit’ the predetermined answer categories of a questionnaire survey. On the other hand, the systematically structured catalogue of questions achieves a certain comparability of answers and ideally prevents interviewees from ‘drifting off’ to irrelevant issues. Secondly, in the ideal world the interviewer and the interviewee establish an atmosphere of trust during the interview. In this way interviewees are more likely to answer sensitive questions and give franker replies. This is especially relevant in the case of interviews with private sector companies who are afraid of leaking sensitive business data and strategies, and to a certain degree also with public sector organisations that have to be careful to appear neutral, or not to offend their political supporters. Thirdly, interview schedules can be adapted to the progression of knowledge over time about the object of investigation and enable a gradual focussing on the most relevant aspects.

## **Carrying out the interviews**

The interview schedule was designed for a length of one hour, representing a compromise between my desire to cover a comprehensive list of questions and the interviewees' limited time. Most interviews lasted for about one hour, with considerable variations due to a lack of time or a particular 'talkativeness' of interviewees. The shortest interview was just 10 minutes, and the longest one was two hours and twenty-five minutes. Most interviews were conducted face-to-face in the interviewee's office. A small number were conducted in public places such as cafes or parks, and one in my Durham office. A limited number of interviews were conducted over the telephone, at the interviewee's request. Those were on average considerably shorter than the average face-to-face interview. A total of 59 interviews have been undertaken in the two case study areas (fig. 3.2). Because of the wish of several interviewees to remain anonymous some individuals are not named.

In both case study areas, the selection of interviewees was aimed at drawing in the views of as many groups of stakeholders as possible. The first group of interviews was conducted with staff of economic development agencies and aimed at clarifying their involvement in image building. The second round of interviews was conducted with place promotion stakeholders from the public and private sector and from civil society. In the North East this consisted mainly of the organisations that were involved in the 'Image Strategy Steering Committee' that served as a consultative forum for the development of the Regional Image Strategy, led by One North East. In the Ruhr, this group consisted of stakeholders that were directly involved in the Ruhr's image building activities through their representation at the KVR, or pursued image building activities independently of the regional body KVR. The third group of interviewees in both case study areas were specialised service providers involved in the image campaigns, such as advertising agencies, media production and PR companies. The last group of interviews was carried out with companies that had recently located in or relocated to the region from elsewhere.



No.	Person	Title	Organisation	Date	Method	Record
<b>NORTH EAST ENGLAND</b>						
N1	Peter Ellis	Assistant Director of Economic Development	Department of Economy & Environment, Redcar and Cleveland Council	27/06/01	P	N
N2	Alan Bell	Marketing Manager	Tees Valley Development Company	23/07/01	P	T
N3	Phil Eadon	Head of Inward Investment	County Durham Development Company	30/07/01	P	T
N4	Ruth Laing	Head of Public Relations and Marketing	One North East (ONE)	08/08/01	P	T
N5	Kay Wilson Myles Handy	Head of Communications Director of Economic Development	North East Assembly Wear Valley District Council	23/08/01	P	T
N6	Geoff Turnbull	Head of Economic Development Service	Development and Enterprise Group Gateshead Council	31/08/01	P	T
N7	Rick O'Farrell	Head of Inward Investment	Government Office for the NE	19/09/01	P	T
N8	Paul Dobbie	Owner-Director	Persuasion Ltd. (then Gentle Persuasion Ltd.)	18/10/01 17/05/02	P P	T N
N9	Clare Copsey	Inward Investment Officer	Tyne and Wear Development Company	22/10/01	P	T
N10	Ross Forbes	Head of Communications and Human Resources	Atmel UK at Newcastle	30/10/01	P	T
N11	Bill MacNaught	Director of Libraries, Arts and Lifelong Learning	Learning and Culture Group Gateshead Council	16/11/02	P	T
N12	John Ashby	Assistant Director of Economic Development	Durham County Council	19/11/01	P	T
N13	Dr Peter Slee	Head of Corporate Communications	University of Durham	20/11/01	P	T
N14	Andrew Dixon	Chief Executive	Northern Arts	21/11/01	P	T
N15	Neil Rami	Director	Newcastle Gateshead Initiative	23/11/01	P	T
N16	Bill Midgley	Director Member of the Executive Director Chairman Member of the Council Past President	British Chamber of Commerce North East Assembly County Durham Cricket Club Century Radio University of Newcastle North East Cham of Commerce	27/11/01	P	T
N17	Gary Cunningham	Director of Public Relations	Procter&Gamble, Newcastle	24/05/01	P	N
N18	John Tomaney	Professor	Centre for Urban and Regional Development Studies University of Newcastle	27/05/02	P	T
N19	Dr Fred Robinson	Lecturer of Sociology	Department of Sociology University of Durham	17/07/02	P	T
N20	Juan Arregui McGullion	European Liaison Officer	North of England Brussels Office	20/01/03	P	T
N21	Kate MacNaught	Head, Public Relations	One North East	03/12/03	P	T
N22	Michael Turnbull	Bishop of Durham (retired)	Church of England	06/02/04	T	T
N23	Lesley Broughton	Information Manager, Investor Development	One North East	29/07/04	P	N
N24	David Williams	Then: Director of Marketing Now: independent consultant	Northern Development Company	03/08/04	P	T

## RUHR

<b>R1</b>	Klaus Kipper-Doktor	Head of Marketing and International Relations	Essener Wirtschaftsförderungs-gesellschaft mbH	20/06/01	P	N
<b>R2</b>	Heinz-Jürgen Hacks	Head of Industry, Technology, Environment	IHK Essen, Mülheim, Oberhausen (Chamber of Commerce)	20/06/01	P	N
<b>R3</b>	Udo Thies	Head of Design, Department of Public Relations	Kommunalverband Ruhrgebiet (KVR)	20/06/01	P	N
<b>R4</b>	Dr. Uwe Stocklossa	Managing Director	Initiativkreis Ruhrgebiet	21/06/01	P	N
<b>R5</b>	Dr. Rainer Hornig	Executive Director	Gesellschaft für Wirtschaftsförderung Nordrhein-Westfalen GmbH	21/06/01	P	N
<b>R6</b>	Dr. Roland Kirchhof	Managing Director	Pro Ruhrgebiet e.V.	26/06/01	T	N
<b>R7</b>	Jens Geier	Director, External Relations	Projekt Ruhr GmbH	10/01/02	P	T
<b>R8</b>	Udo Mager	Director	Dortmund Project (PPP between City of Do and private sector)	17/01/02	P	T
<b>R9</b>	Patrick Dufour	Project Manager	Dortmund Project	22/01/02	P	T
<b>R10</b>	Gerd Fröhlich	Managing Director	Emscher-Lippe-Agentur	25/01/02	P	T
<b>R11</b>	Uwe Knüpfer	Editor	Westdeutsche Allgemeine Zeitung	06/02/03	P	T
<b>R12</b>	Heinz Weselsky + Werner Finken	Economic Development Commissioner	Bezirksregierung Düsseldorf (Düsseldorf District government)	06/02/02	P	T
<b>R13</b>	Jörg Winkelsträter	Head of Regional Policy	Niederrheinische IHK (Lower Rhine Chamber of Commerce)	13/02/02	P	T
<b>R14</b>	Martin Breuer	Creative Director	Euro RSCG (advertising agency)	13/02/02	P	T
<b>R15</b>	K. Volkenand	Managing Partner	FGK Die Zweite (advertising agency)	20/03/02	P	N
	Ralf Kahmann	Managing Partner				
	F. Dornieden	Creative Director				
<b>R16</b>	Dr. Ralf Bartels + Carmen Tietjen	Head, Technology and Regional Policy Union Rep. at KVR	DGB Bezirk NRW (NRW trade union council)	26/03/02	P	T
<b>R17</b>	Ralf J. Meurer	Managing Director	Gesellschaft für Wirtschaftsförderung	26/03/02	P	T
	Melanie Bodeck	Head of External Relations	Duisburg mbH (Ec.Dev. Corporation)			
<b>R18</b>	Gerd E.Kolbe	Germany Correspondent	Neue Züricher Zeitung	27/03/02	P	T
<b>R19</b>	Dr. Wolfgang Ebert	Chairman	Deutsche Gesellschaft für Industriekultur	09/04/02	P	T
<b>R20</b>	Dr. Baldur Hermans	Head of Department of Social Affairs	Diocese of Essen	18/04/02	P	T
<b>R21</b>	Christoph Meer	Head of Communications	IG BCE (Mining, Chemicals and Energy Union)	06/09/03	P	T
<b>R22</b>	H.-M. Dirks	Head	Department of Economic Development, City of Bochum	12/09/02	P	T
<b>R23</b>	Ulrich Storch	Locational Consulting	Salomon Automation GmbH, Dortmund	17/09/02	P	T
<b>R24</b>	Reiner Becker	Branch Director				
<b>R24</b>	Alexander T. Schüle	Chair of the Board	Acardo Technologies AG, Bochum	18/09/03	P	N
<b>R25</b>	Antje Möller	Head of Communications	Six Flags AG, Essen (runs Movie World for Warner Bros.)	19/09/02	T	T
<b>R26</b>	Dr. Dieter Nellen	Head of Public Relations	Kommunalverband Ruhrgebiet	20/09/02	P	N
<b>R27</b>	Dr. Wilfried Dege	Head, Economic Analysis	Kommunalverband Ruhrgebiet	20/09/02	P	N
<b>R28</b>	Dr. Hans-Peter Meurer	Head, Political Affairs	RWE AG, Essen	26/09/02	P	N

<b>R29</b>	Axel Schappei	Head of Communications	RAG, Essen	26/09/02	P	T
<b>R30</b>	Klaus Pepperhoff	Head of Corporate Communications	ThyssenKrupp AG, Düsseldorf	26/09/02	T	N
<b>R31</b>	Anonymous	Senior manager	Dresdner Direktservice GmbH (Call centre operator)	27/09/02	T	T
<b>R32</b>	Seppo Lehtinen	Head of Corporate Communications	Nokia Deutschland GmbH	27/09/02	T	N
<b>R33</b>	Anonymous	Senior manager	Representation of the State of NRW to the EU	16/01/03	P	T
<b>EU COMMISSION</b>						
<b>E1</b>	Manfred Beschel	Director, C1	EU Commission for Regional Development	16/01/03	P	T
<b>E2</b>	Anonymous	"A senior source in the EU Commission"	EU Commission for Regional Development	11/06/03	P	N

**Fig. 3.2:** List of interviews undertaken

(P = interview in person, T = over the phone, T = transcript, N = notes)

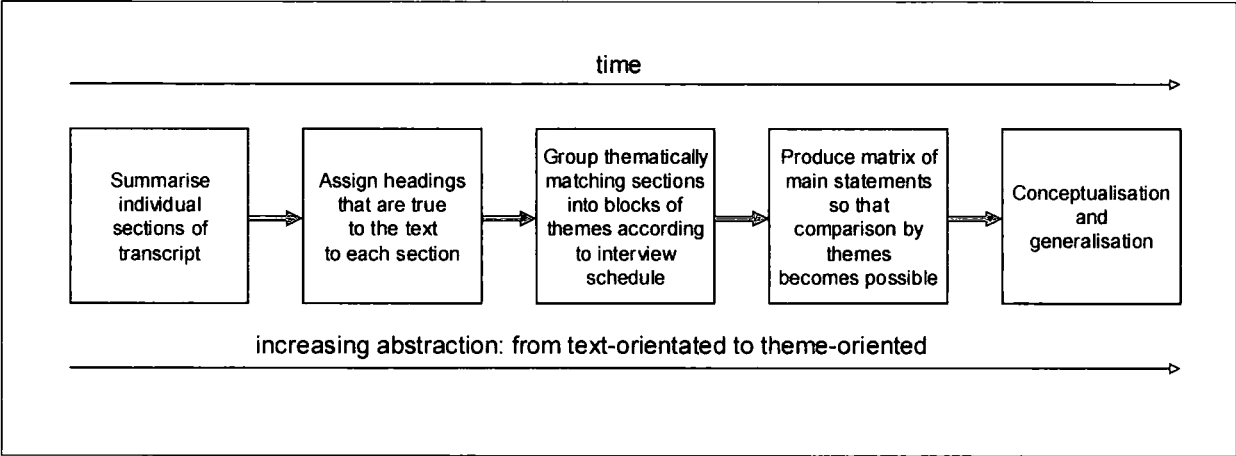
<i>Region</i>	<i>Type of organisation</i>		<i>Interview numbers</i>	<i>Total number</i>
<b>North East (N)</b>	Economic development agencies or departments	Regional	4, 20, 21, 23, 24	5
		Sub-regional	2, 3, 9, 12,	4
		Local	1, 5, 6, 11, 15	5
	Government	National	7	1
		Regional (to be)	4, 16	2
	PR service providers		8	1
	Other stakeholders	Public bodies (education, culture, sport)	13, 14, 16	3
		Private sector companies or their associations	10, 16, 17	3
		Civil society (trade unions, churches)	22	1
<b>Ruhr (R)</b>	Academic experts		18, 19	2
	Economic development agencies or departments	Land	5, 7, 33	3
		Regional	n/a (does not exist)	0
		Sub-regional	10, 12,	2
		Local	1, 8, 9, 17, 22	5
	Government	Land	None	0
		Regional	3, 26, 27	3
	PR service providers and press		11, 14, 15, 18	4
	Other stakeholders	Public bodies	None	0
		Private sector companies and their associations	2, 4, 6, 13, 28, 29, 30	7
		Civil society (trade unions, churches, associations)	16, 19, 20, 21	4
	Recent inward investors		23, 24, 25, 31, 32	5
<b>EU (E)</b>	EU Commission for Regional Development		1, 2	2

**Fig. 3.3:** Backgrounds of the organisations interviewed

NB: some interviewees represented more than one organisation and therefore appear more than once.

Analysis and interpretation of interviews

All interview recordings were fully transcribed, apart from obvious digressions such as an interviewee’s ten-minute monologue about his favourite football club. About 15 interviews were conducted either over the telephone or, at the request of the interviewee, without recording equipment switched on, and for those interviews only notes exist. The notes and transcripts were then subjected to a process of comparative systematization (cf. Meuser and Nagel 1991: 451 ff.; Dunn 2000; Bickl 2000: 31 ff.).



**Fig. 3.4:** Steps of analysis of the interview transcripts and notes  
Source: Author, based on Dunn (2000), Meuser and Nagel (1991)

In a first step I summarised, in chronological order, the content of the individual sections of a transcript, so that at the end of this step the transcript still exists in its original chronological order but has been shortened to about one fifth of its original length. This produces an overall view of the interview, and its structure and line of communication become apparent. In a second step, a heading can be assigned to each individual section, and thematically matching sections can be grouped together according to the interview schedule. This is necessary because due to the flexibility of a semi-structured interview interviewees often ‘scatter’ statements on one topic all over the interview. Thus, in this step the order of statements is no longer chronological, but now keeps to the themes and questions of the interview schedules. However, themes not initially contained in the schedule were also included in the analysis, to take advantage of the flexibility that semi-structured interviews offer. In almost every interview statements occurred that did not fit into any category of the schedule. This process of analysis results in a matrix of core statements about every theme (if covered in the

interview). The statements contained in this matrix are being 'cross-examined' and their validity and credibility is assessed. Next, the statements are being examined with regard to commonalities, differences and contradictions. The final step is the conceptualisation and generalisation of the statements received. On this level of abstraction, statements about the structure of expert knowledge become possible: what tendencies are there, what is the overall picture?

### **3.2.3. Reflections on the research process**

This section describes some of the challenges and problems of data collection and analysis. The data available on some earlier image building efforts is limited, and there have been problems with access to certain kinds of organisations and individuals. Furthermore, some interviewees gave the impression that they were reluctant to give out information and occasionally refused altogether to provide more detailed information on particular subjects.

#### *Limitations of data*

The data collected for this study might have some limitations, partly because some of the earlier image efforts were carried out as long as 20 years ago, and in many cases no systematic records have been kept. Furthermore, some of the organisations involved in image building – past or present – were reluctant to give out information. As a consequence, image building efforts in the North East at the time of the "Great North" campaign largely remain obscure. There are few official records, and the newspaper clippings of the time contain very limited relevant information. They mainly revolve around the disputes that arose from the campaign but contain almost no references to the *process* of developing the campaign. Additionally, the Northern Development Company (NDC), the lead organisation of the campaign, no longer exists. After considerable 'detective work' I was able to find two persons who occupied key positions in the NDC at the time of the "Great North" campaign, and my evaluation is mainly based on the information obtained from them. Accordingly, the North East England case study largely concentrates on the events after the creation of elements of an emerging regional government in 1997.

In contrast, the Kommunalverband Ruhrgebiet (KVR) – who has been at the centre of regional image building in the Ruhr for 20 years – has an excellent, publicly accessible archive and library, and image campaigns and other image-related efforts, some dating back

to the early 1980s, are well documented. Moreover, many of the staff responsible for the first systematic image campaign (1985-1995) still work at the KVR. These differences in organisational stability are not only a methodological point but also an analytical issue in their own right, and will be taken up in chapters 6 to 8.

### *Access*

The first challenge was the identification of organisations that have or might have an interest in the region's image. Once I had gained an understanding of the governance framework operating in the two countries and regions, I was able to draw up a list of government agencies and agencies with a government mandate in the two regions, from local government economic development departments to regional bodies. A second list was compiled for the private sector and its associations, and a third one for organisations of civil society. Additionally, interviewees pointed out other agencies they thought were worth interviewing. Access to economic development agency interviewees was, generally, easily obtained. Most intermediaries, mainly advertising agencies, were also very willing to speak to me. They were identified in the interviews with their clients, the economic development agencies.

Recent inward investors was the most difficult group of interviewees both to identify and access. There are no publicly available directories of recent inward investors in both case study regions. My initial strategy was to obtain names and addresses from economic development agencies. However, their reaction to my request was mostly reluctant to hostile. Several economic development practitioners told me that they wanted to protect 'their' companies from researchers approaching them. Even my offer of preparing letters that would then be sent out by the agency was rejected. Consequently, I had to rely on occasional and mostly unofficial 'tip-offs', and investor interviewees were usually kind enough to refer me to one or several of their colleagues in other companies. The second step, getting access to investors, was also very difficult. Most potential interviewees seemed too busy to make time for an interview or/and were afraid of giving out confidential business details. This hesitation was much lower in those cases in which I was personally referred by a colleague of the potential interviewee. Consequently, I tried to follow this strategy whenever possible. The most striking example was: I had tried to get an interview with a company CEO for weeks. I had written letters, sent e-mails to him and made telephone calls, but was still unable to get in contact with him personally. His secretary firmly denied any interview requests. Eventually, I gave up. Some time later I happened to interview someone who went to school with him, and

this person promised to contact his 'hard-to-get' colleague. Two hours later the CEO which I had been chasing for weeks called me and offered me an interview for the next day.

### *Reluctance and refusal*

In the interviews, most persons seemed to speak frankly. On some occasions, however, I had the impression that an individual spoke extremely carefully. In general, interviewees tended to be more outspoken when the recording equipment was switched off. I always asked for permission to record at the start of the interview, and some persons preferred not to be taped. Most persons had no objections to being named but a few wanted to remain anonymous. For example, an interviewee at the EU Commission wanted to be identified only as "a source in the EU Commission for Regional Development". He informed me at the start of the interview that if the interview was to be recorded he would have to ask permission to answer each question from his line manager, which in practice would have meant an end to the interview before it had even started. In line with my expectations I was able to build a sense of 'trust' with most interviewees. As the interview progressed they became gradually more talkative, even about seemingly sensitive issues.

Secondly, I encountered a degree of secretiveness on some occasions. This was most marked when researching information about the North East's current image strategy. Work on the current strategy had started in mid-2000 (ONE 2000), when the first stakeholder consultations were held, but apart from a short-lived advertising campaign called "Here. Now." in March 2002 the strategy still has not been finalised let alone implemented. The two organisations who initially led the image strategy, One North East and the Regional Assembly, were at first very welcoming to my research but later on their attitude changed. As the Assembly ceased to be an official project partner in mid-2002 – something I was not aware of at that time – my queries to this body were redirected to One North East, and One North East for some time ignored my attempts of contacting them. After two months I had finally received a reply from One North East and the Head of Communications was willing to be interviewed by me. However, in the interview the person was very cautious and refused to give out rather trivial internal documents such as the media schedule for the "Here. Now." campaign. Previously, One North East had been happy to supply similar documents.

Eventually, the only co-operative source of information was the PR agency that until 2002 had been commissioned by One North East to develop the advertising component of the

image strategy, but due to reasons of confidentiality the PR agency could only give out a limited amount of information. Although there is no firm evidence it seems that One North East's reluctance stemmed from a desire to cover up the failure of its recent attempts to implement a regional image strategy. Targets for the strategy to be fully operational have been missed by more than two years. As it will be examined in greater detail in chapter 5 (Changing Images), a large part of the image building process between early 2002 and mid-2003 remains obscure. It seems to be clear, however, that there was an obvious break in 2002, when the fully developed "Here.Now." campaign was rolled out with great fanfare but came to an abrupt halt only a month after its launch. Only the first of a series of adverts did run in March 2002 in the regional press, on television, billboards, and buses and taxis. Additionally, a few news releases were issued – mainly on organisations backing the campaign (pers. comm. with Paul Dobbie, manager-owner of Persuasion PR, 27.4.04). He made me aware that a combination of several unfortunate circumstances had triggered this setback. "The initiative simply petered out after the lead person at the North East Assembly left and the lead person at One North East took ill. I'm afraid to say that [the campaign] simply didn't go anywhere" (pers. comm with Paul Dobbie, manager-owner of Persuasion PR, 23.05.03). To add to the troubles of the lead organisations, "the company which put together the visuals and drew up the ad schedule – Yellow M – went bankrupt" (ibid). It has proven impossible to obtain copies of any visuals or ad schedules as One North East, the client and only organisation that, besides Yellow M, does have copies of these documents, is unwilling to give them out. One North East, now the sole lead agency, have been trying to make a fresh start since, with the publication of another consultation document (ONE 2003a) that signals a significant change in some of the key areas of image management.

In contrast, KVR, the organisation in charge for the Ruhr's regional image efforts, has been very open and supportive. They made several key persons available to me for interviews, and allowed me access to their comprehensive and well-kept archives. KVR also introduced me to the agencies to which they had commissioned two advertising campaigns.

### **3.3. Summary**

This chapter gave an overview of the research design and data collection methods used. The old-industrial case study areas North East England and the Ruhr were chosen to allow a comparative study that covers two different political environments, a centralist state with only



emerging elements of regional government, and a federal state with relatively stable institutional arrangements of national-regional power-sharing. However, both regions experience a re-scaling of economic governance. In England, there is a strong tendency towards decentralisation and devolution, whereas Germany has recently seen an increasing centralisation of economic development policies and initiatives. Some of these issues will be explored in more depth in the following chapter.

The two main methods of data collection employed are semi-structured interviews with economic development stakeholders and an analysis of internal consultation documents and of the promotional material produced. The main tool of analysis used was the process of comparative systematisation. I have encountered problems in the process of data collection, especially in the North East, due to rapid and frequent changes in the organisational landscape. Some organisations involved in image building no longer existed, or key staff had left. I also encountered a degree of secretiveness from One North East, which I attribute to their desire to cover up a significant setback of the Regional Image Strategy. In the Ruhr, obtaining the required data was relatively easy, and as a consequence, empirical data are more complete, even for early image building efforts dating back to the early 1980s.

## 4. REGIONAL CASE STUDIES

The two case study areas chosen are the North East of England and the Ruhr in Germany. While they differ in size and population I would argue that they provide an interesting comparison: the two areas had a similar industrial past – mainly characterised by coal mining, steel and metal production, shipbuilding and, more generally, heavy manufacturing. The areas were hit at roughly the same time by the same market forces, resulting in loss of competitiveness and industrial decline. However, the two areas have had different kinds and degrees of government intervention and spatial impacts of government policies, which are two other crucial determining factors of their economic history.



Fig. 4.1: Location of the case study areas

Both areas have since suffered from negative stereotyping typical for old-industrial regions (Holcomb 1993 and 1994, as set out in chapter 2). The aim of this thesis is to find out whether

and why (or why not) the two regions responded in similar or different ways to this problem. To place their image-building efforts into a wider context, this chapter introduces the most important characteristics of the two regions and provides an introduction to their economic histories and present-day structures. It also looks at government on various scales and the interdependencies between them.

The following section provides statistical data to demonstrate that both regions are ‘problem cases’ in their national context, with a loss of population, loss of employment resulting in considerably above-national-average unemployment rates, and greater poverty and social deprivation than the national average. Secondly, this chapter places image-building efforts in the context of other regional policy initiatives, many of which are considered to have failed.

The ease or difficulty with which statistical data of the two areas could be accessed reflects the standing of the two regions in relation to their political weight and autonomy. The Ruhr has had its own body since 1920, the Kommunalverband Ruhrgebiet (KVR), and this is reflected in the fact that certain statistical data is readily available for the aggregation unit of the Ruhr. Statistics on the North East of England, in contrast, are much more difficult to compile, especially with regard to historical records. The regional boundaries have changed in 1994 when the North East Region superseded the Northern Region and no longer included Cumbria. It was only from 1994 that statistics for the North East became available on the scale of the current North East region. However, many of the statistics had to be laboriously extracted from national statistics because the two main regional bodies, One North East and the North East Regional Assembly, only provide very basic data. The KVR, in contrast, provides a wide range of data and keeps a long-ranging archive, both of which are easily accessible. However, those types of data that are *not* provided by the KVR necessitate own calculations, as neither the EU nor the state of NRW provides data on the aggregation level of the Ruhr. This is because the Ruhr is divided between three districts (all of whom extend well beyond the Ruhr), and the Land of NRW usually provides data only for the district or local government aggregation level. Similarly, Eurostat, the European statistics office, and the European Regional Development Fund (ERDF) make their statistics available for NUTS1 and NUTS 2 levels only, the latter of which are congruent with the three districts, the boundaries of which cut through the territory of the Ruhr. Consequently, some of the required data for the Ruhr had to be laboriously assembled from local authority statistics.

4.1. Location, size and population

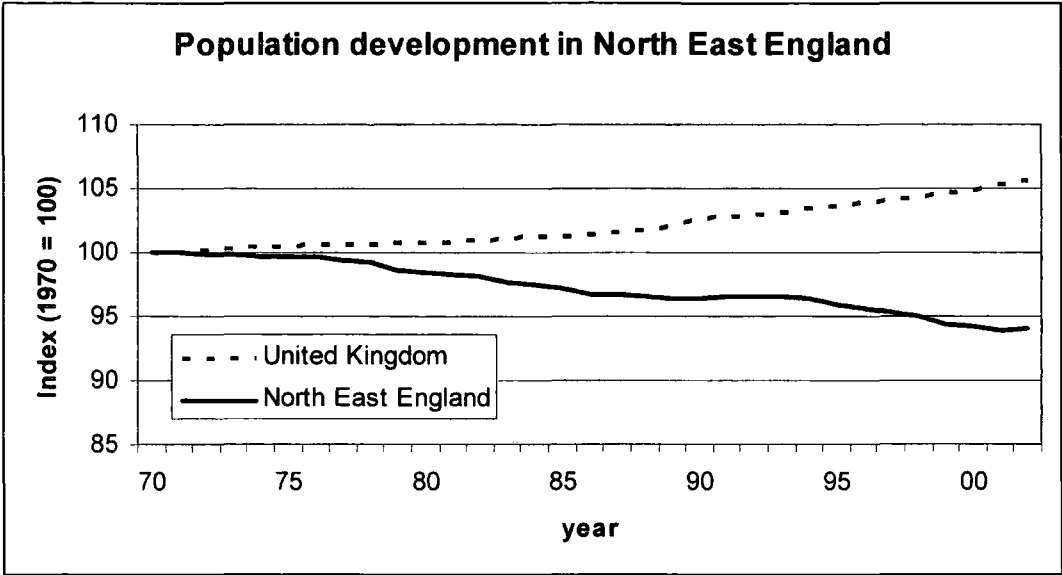
North East England is bordered by Scotland to the North, Cumbria to the West and North Yorkshire to the South. The Ruhr lies within the state of North Rhine-Westphalia (Nordrhein-Westfalen in German, NRW in short) in the central West of Germany (fig. 4.1). At 8,592 km<sup>2</sup> North East England is almost twice the size of the Ruhr (4,434 km<sup>2</sup>) but contains less than half of the population (2.51 vs. 5.33 million, fig. 4.2)

	<i>North-East England</i>	<i>The Ruhr</i>
Population (million)	2.51 (e)	5.33
Area (km <sup>2</sup> )	8,592	4,434
GDP per capita (in USD)	22,112	26,855
GDP % of national average	76.1 %	98.2 % (Germany) 89.3 % (Western Länder)
Regional annual GDP growth	1.7 %	0.1 %
National annual GDP growth	2.1 %	0.2 %
Unemployment rate	6.7 % (1)	12.5 % (1)
National unemployment rate	4.9 % (1)	10.7 % (1)
Regional economic activity	73 % (1)	69 % (1)
National economic activity	79 % (1)	72 % (1)

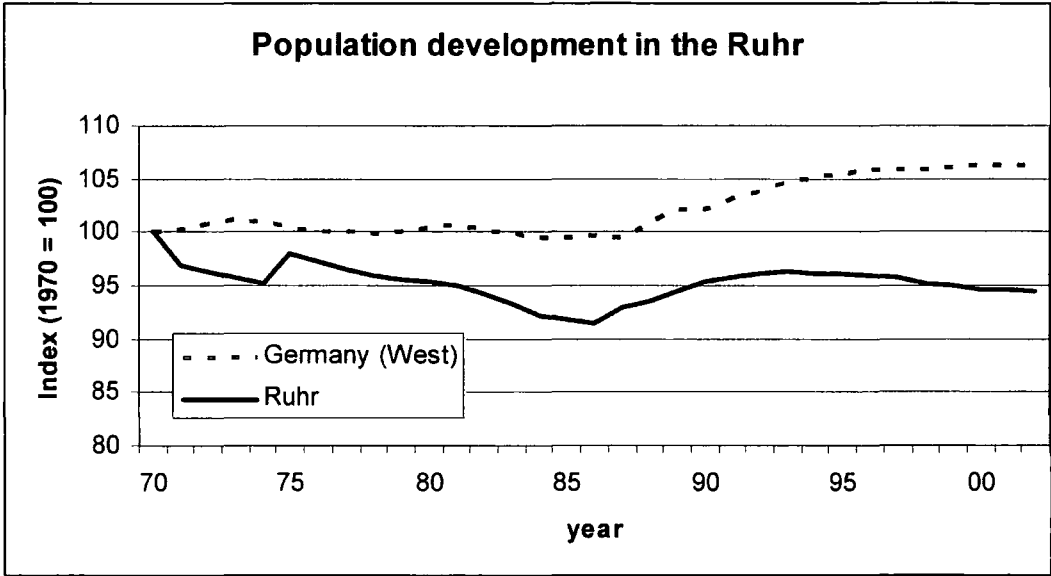
Fig. 4.2: Basic socio-economic indicators of the case study regions

All data yearly average for 2002. (1 = 2003, e = estimated)

Both regions have experienced population decline during the last four decades. The population of the Ruhr peaked at 5.57 million in 1961. At the end of 2001, this number had fallen to 5.35 million (KVR 2002a: 9, fig. 4.4). The main reason for this is the migration away from the Ruhr. In every year since 1961 (except 1987 to 1995) more residents left the Ruhr than arrived. Especially the 18 to 30 year-olds have been leaving (KVR 2002a: 12). Faced with outmigration of a similar scale, the population of North East England shrank from 2.67 million in 1971 to 2.51 million in 2001 (National Statistics 2001: 40, fig. 4.3). This reduction of 6 % is against the national trend, with the United Kingdom’s population increasing by 6 % over the same period. Along with the North West, North East England was one of only two English regions to experience a population decline in this period. For each of the last 40 years the North East has had a negative migration balance (National Statistics 2003a). Like in the Ruhr, almost half of the outmigrants in 2002 were in the age group of 15 to 29 (ibid).



**Fig. 4.3:** Development of North East England's population  
Source: Based on National Statistics (2003a), House of Commons (1999)



**Fig. 4.4:** Development of the Ruhr's population  
Source: Based on figures in KVR (2002c)

**4.2. Wealth, structural change and unemployment**

This section gives an overview of the most widely used economic indicators: GDP per capita, unemployment, and the sectoral composition of employment.

4.2.1. Wealth

Per capita GDP is below the national average in both regions. In the North East it is just 76% of the UK average, and the lowest of all UK regions (National Statistics 2002a). Not only is the North East’s per capita GDP lower than the national average, but it also grows more slowly (2.3 vs. 3.8 % growth in 2001, *ibid*). Thus, despite considerable growth rates of the North East’s GDP, the aim of catching up with UK average has not been achieved. Indeed, GDP per head has steadily fallen from 86 % of national GDP in 1987 to 76 % in 2002 (Hetherington 2002). The Ruhr shares the problem of growth rates below the national average (+11.2 vs +28.2%, from 1991 to 2001, KVR 2002c). However, the Ruhr is less of a ‘problem case’ in its national context than North East England, as its GDP per capita is, owing not least to the accession of the five new Länder in 1990, only slightly below national average. Compared to its surrounding regions and in the West German context, however, the Ruhr’s GDP is almost 10 per cent below average.

There are also notable intra-regional disparities in both areas. In the North East, Darlington achieved 90 % but County Durham only 66 % of the national average (fig. 4.5). In the Ruhr, discrepancies of wealth are even wider, with Essen’s per capita GDP at 116 % being well above the national average, whereas for Bottrop this figure stands at only 75 %.

North East England		Ruhr	
Sub-region	GDP p.h.	City/Kreis	GDP p.h.
Darlington	90	Essen	116
Tyneside	83	Mülheim	112
South Teesside	82	Bochum	109
Hartlepool and Stockton-on-Tees	77	Duisburg	104
Sunderland	73	Gelsenkirchen	103
Northumberland	70	Dortmund	102
County Durham	66	Hagen	98
		Ennepe-Ruhr-Kreis	95
		Kreis Unna	94
		Herne	92
		Oberhausen	91
		Hamm	88
		Kreis Wesel	88
		Kreis Recklinghausen	86
		Bottrop	75
North East	76	Ruhr	98

Fig. 4.5: GDP per head in North East England and the Ruhr as percentage of national average (2001)  
Source: National Statistics (2000), various National Statistics Regional Accounts, KVR (2003b)

#### 4.2.2. Structure of the economy

Both North East England and the Ruhr have seen a dramatic change in their industrial structure. Over the last 40 years, the traditional industries of heavy manufacturing, shipbuilding, and mining have been in decline. "During the post-war era, the North East's fortunes have been mixed, but undoubtedly the long-term economic trend has been downwards" (O'Toole 1996: 185). While the crisis had been looming since the mid 1950s, "it was in the seventies that the North East encountered serious economic trouble. There was a mass exodus of the multi-national companies and, together with the restructuring and decline in many of the region's indigenous industries, this caused the shedding of labour at an exceptional rate. Between 1978 and 1983 43,000 jobs were lost in engineering. In 1981 there were 40,000 redundancies alone in manufacturing" (O'Toole 1996:185).

The decline of traditional industries is reflected in the changing sectoral composition of employment (fig. 4.6): In the Ruhr almost two thirds of jobs are now in service industries, and manufacturing employment (*produzierendes Gewerbe*) has since 1980 fallen by 30 points to 32%, with mining and engineering now at 24.5 % (KVR 2002a: 22ff.). In 2000, only ten per cent of all employees worked in the industries that once were decisive for the Ruhr, mining, coking, metal production and processing, and the production of metal goods, with the share of mining in total employment now below 2 % (KVR 2002b: 26). Interestingly, a recent KVR survey, to which I will return to in chapter 5, revealed significant misperceptions: 60 % of adult Germans thought that more than one fifth of the Ruhr's working population work underground. From 1980 to 2000 the Ruhr lost 44 % of its manufacturing jobs (KVR 2002b: 27), with an extreme loss of 61 % in the City of Gelsenkirchen (KVR 2002b: 28). Within the Ruhr there are considerable differences in the sectoral composition of employment, with employment in manufacturing varying from nearly 50% in the Ennepe-Ruhr Kreis to just over 25 % in the city of Essen (KVR 2002a: 29). The situation is similar in the North East, where in some Teesside local authorities the share of manufacturing employment is six times as high as in the rural local authorities of north Northumberland.

These enormous intra-regional disparities are likely to be an impediment to the development and projection of a joint and coherent image for each case study region, with different sub-regions targeting different industries in their inward investment promotion and thus sending out different messages to potential investors. This could result in conflicting messages

emerging from the sub-regions and make region-wide image management more difficult. This point will be examined in more detail in the following chapters.

	North East	United Kingdom	Ruhr	Germany
Agriculture	0.5 %	0.9 %	0.9 %	1.4 %
Mining, manufacturing, construction	22.5 %	18.6 %	32.0 %	22.0 %
Services	77.1 %	80.5 %	67.1 %	76.6 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

**Fig. 4.6:** Sectoral composition of employment in North East England and the Ruhr (2002)

Source: National Statistics (2004), KVR (2002a, 2003b)

### 4.2.3. Employment and unemployment

Compared to the national averages, employment rates are relatively low in both regions (fig. 4.7). These figures conceal wide intra-regional variations of almost 20 points in the North East and 15 points in the Ruhr. Low employment is generally associated with low economic activity, which is in turn a major contributor to low average incomes and high socio-economic disparities.

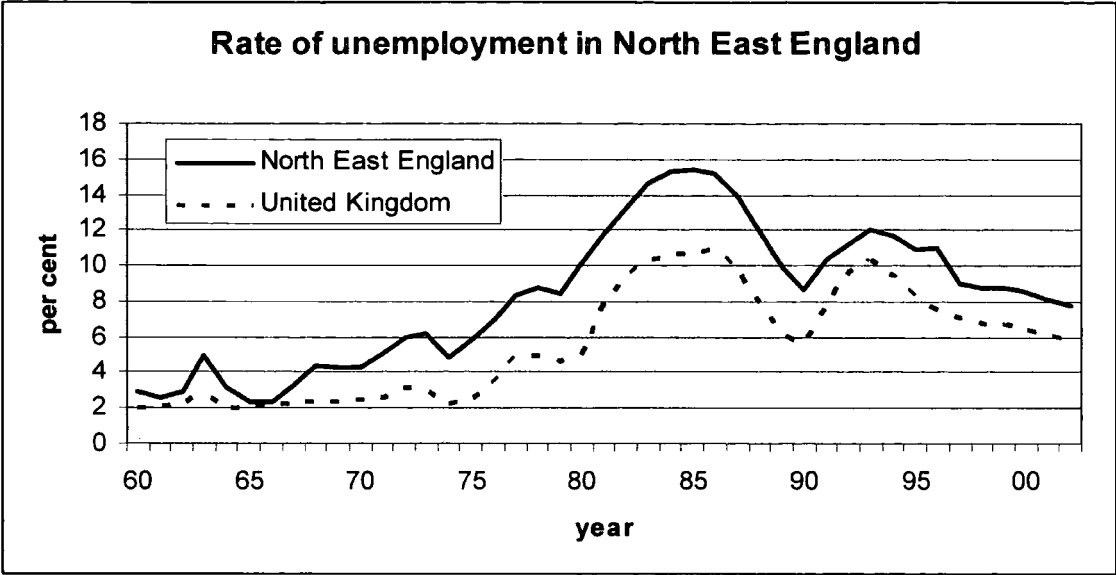
	North East	United Kingdom	Ruhr	Germany
Employment rate	68.4 %	74.3 %	65.6 %	70.1 %
Minimum – maximum	60.1 – 80.8 %	–	58.2 – 73.5 %	–

**Fig. 4.7:** Employment rates in North East England and the Ruhr (2002). Intra-regional variations by county/unitary authority (North East) and cities/Kreise (Ruhr)

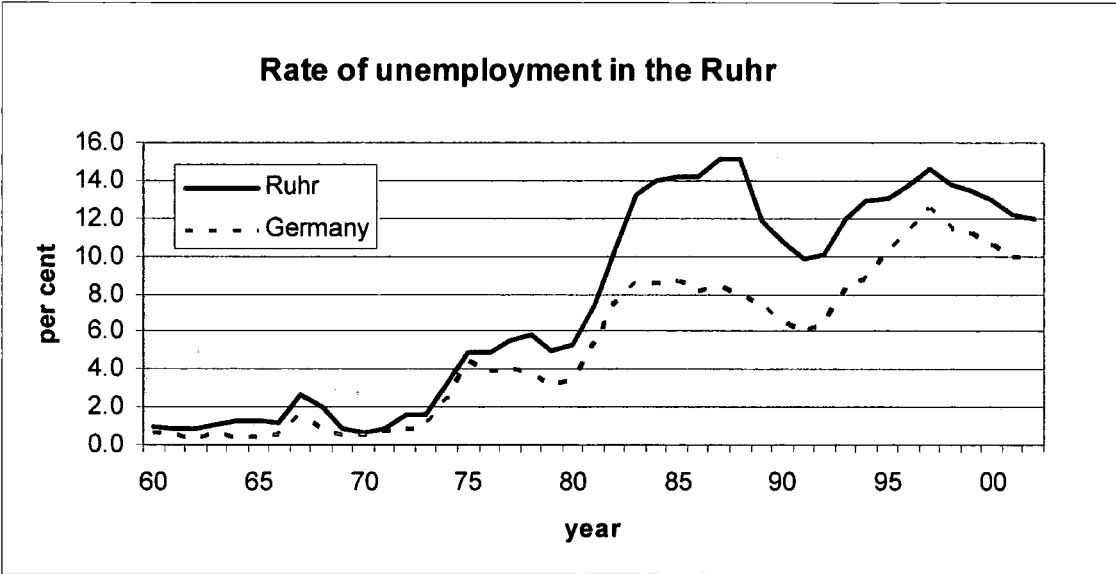
Source: National Statistics (2004), KVR (2003b)

Both regions have a history of high unemployment compared to the national average. In mid-2002, unemployment in the Ruhr was at 12.5 %, compared to the national German average of 10.7 % (KVR 2002b). Since the 1960s, unemployment has always been above national average, with the late 1980s being the time of greatest difference (fig. 4.9). Also North East England’s unemployment is higher than the national average. Even though unemployment in the region has come down from a record 18 % in 1986 to 7.3 % in 2002 it has always been well above the national average of 5.0 % in 2002 (fig. 4.8).





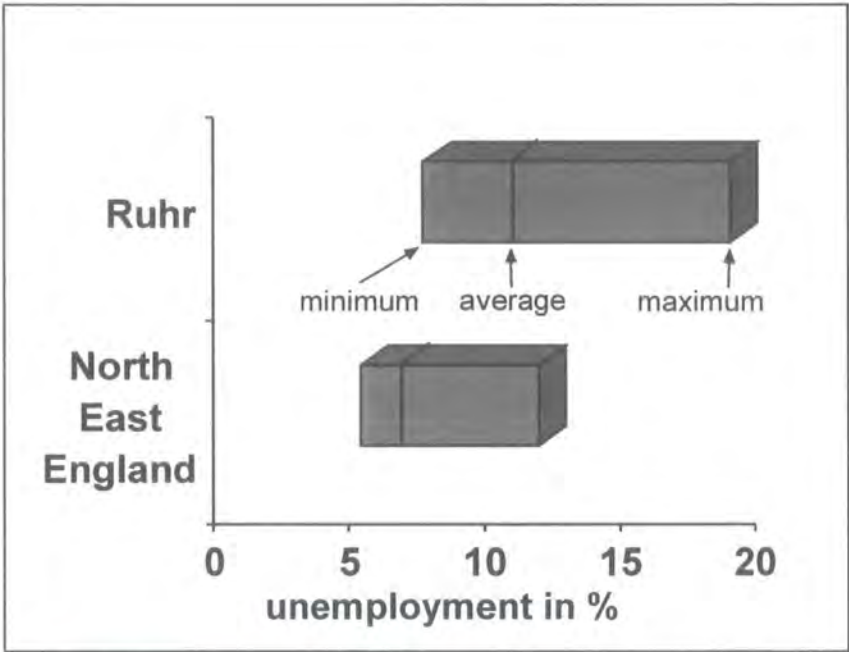
**Fig. 4.8:** A comparison of unemployment rates of North East England and the national average  
Source: Various National Statistics Accounts



**Fig. 4.9:** A comparison of unemployment rates of the Ruhr and the national average  
Germany: Until 1994 West Germany, from 1995 the whole of Germany  
Source: Own calculations based on KVR (2002c)

Both within North East England and the Ruhr there are stark intra-regional differences (fig. 4.10), with unemployment rates in Northumberland being 1.25 times the national average, while Tees Valley has a rate more than twice the national average (May 2002 [GO-NE 2002]). Intra-regional differences in the Ruhr are even higher, with an unemployment rate of 18.1 % in Gelsenkirchen and 7.0 % in Dinslaken (KVR 2002b). In both regions the scale of the differences can be at least partly explained by the fact that both the Ruhr and the North East comprise densely populated areas that have experienced rapid and profound de-

industrialisation, as well as rural areas that have been much less affected by structural change because they never contained significant amounts of traditional industries. In both areas, minimum and maximum can be found in these opposed categories.



**Fig. 4.10:** Unemployment rates (ILO) 2001 with minimum, average and maximum (smallest unit: County/unitary authority in the UK, city/Kreis in Germany)

Source: Own calculations based on KVR (2002c) and GO-NE (2002)

Not only is unemployment in the two regions higher than in the rest of the countries in which they are located, but it is also qualitatively different. Long-term unemployment of more than two years is much more pronounced in the Ruhr (28 % of all unemployed persons) than in the rest of Germany (19 %, fig. 4.11). Similarly, in the North East 9.5 % of all unemployed have been out of work for more than two years, compared to a national average of 7.2 %.

	North East	UK	Ruhr	Germany
< 3 months	44.2 %	46.1 %	26.2 %	30.3 %
3 months < 1 year	36.3 %	36.0 %	29.8 %	34.4 %
1 year < 2 years	10.0 %	10.7 %	16.2 %	15.9 %
2 years and over	9.5 %	7.2 %	27.8 %	19.4 %
<b>Total</b>	100 %	100 %	100 %	100 %

**Fig. 4.11:** Unemployed persons by duration of unemployment, 2002

Source: National Statistics (2003b), KVR (2003b)

Overall, high unemployment rates and the comparatively high percentage of long-term unemployment demonstrate the difficulties both regions have faced (and are still facing) in long-term economic restructuring. As business start-up rates are significantly lower than the

national averages and the encouragement of self-employment will take time, the need for inward investment is still great. High unemployment is, in this respect, a double-edged sword: on the one hand it signals to potential investors that labour is readily available (provided that the skills of potential employees match the skills required by investors), but on the other hand it could be seen by potential investors and the wider public as yet another sign that the best days of the region are over, thus reducing the their attractiveness as an investment location.

#### **4.2.4. Ownership and state intervention**

One important difference in the economic structure of the two regions is that the North East by the 1960s had developed into branch-plant economy, much of it under state ownership (Hudson 1989, Benneworth and Charles 2001). Ownership by far-away headquarters has since decreased and state-ownership of production is now marginal in Britain, but business start-up rates below average coupled with significant influx of foreign direct investment mean that dependency on decisions taken in headquarters outside the region is still high. In contrast, the Ruhr had a more indigenous history of late 19<sup>th</sup> and early 20<sup>th</sup> century industrialisation, and until now most of the Ruhr's large corporations are headquartered in (or just outside) the region. While many of the Ruhr's traditional industries such as coal mining and steel-making were considered 'strategic' by the German government, they were never nationalised, albeit often put under tight government regulation and, in many cases, heavily subsidised.

The dominance in the two regions of large companies – be they state- or privately owned – and their combines had two main effects on the economic restructuring of the regions. Firstly, entrepreneurialism has generally been low. This is often attributed to the workforce having adopted a 'cradle-to-grave' mentality, assuming (and in most cases experiencing in reality) that 'their' company would provide not only a secure and life-long job for them but would also take care of them in a fatherly manner, providing housing, leisure centres, and facilities like child crèches or retirement homes. Secondly, both regions have a record of 'protectionist alliances' that have in the past tried to hinder structural change by blocking out potential inward investors that would have aided economic restructuring in the area. A well-documented case in the Ruhr is when an alliance of companies of traditional industries (that owned the bulk of the Ruhr's industrial land) and trade unions thwarted attempts by the Ford Motor Company to set up a plant in the Ruhr city of Herne in the mid-1960s (Nonn 2001). The North East has had similar experiences of institutional lock-in, albeit less extreme.

### 4.3. Relations between scales of government

The United Kingdom has been a highly centralised and centralist state whereas post-war Germany has very much been a federal state. Despite recent tendencies in the UK to decentralise powers, it is the central government alone that has the powers to make laws in England. This includes the right to create and abolish local governments. In England, “local government is wholly subordinate in law to the national government and parliament in London. In so far as local authorities have any decentralised authority at all, they have it because parliament has allocated it to them” (Painter 2000b: 301). It was not until the Local Government Act 2000 that local authorities “for the first time ever had a statutory power of leadership: the power ‘to promote the economic, social and environmental well-being of their area’” (Game and Wilson 2002: 4f.). Still, the autonomy of local governments in Britain is severely limited. Local government has no tax-raising powers and is therefore completely dependent on central government funding, which in most cases comes with strings attached. The UK’s regions are in a similar situation. Scotland now has a parliament and Wales an assembly, but the English regions do not possess any elected government. The process of devolution, the handing down of power from Whitehall to the regions, is still very diffuse. This stems, in part, from the superiority of parliamentary sovereignty (Hübner and Münch 1998: 33), which makes it difficult for the English regions to demand more rights in order to make the change from administrative into political units with their own, albeit limited, legislation.

In contrast to this fluidity, Germany has a formal and written constitution (Grundgesetz, ‘Basic Law’) which underlies the federal nature of the state. Both Länder (states) and Gemeinden (local governments) have constitutional rights over their own affairs, which means that these rights cannot be taken away by central government, unless the constitution is amended with a 2/3 majority of both the Bundestag (federal parliament) and the Bundesrat (upper house, made up of representatives of the 16 states, Art. 79(2) of the Basic Law). Germany’s territorial units of Länder (states), Kreise ( $\approx$  counties) and Gemeinden (local governments) are not merely administrative units, but must enjoy, according to the constitution, a high degree of self governance. In each of them, “the people has to be represented by a body chosen in general, direct, free, equal, and secret elections” (Art 28(1)). According to Art. 28(2) “local governments must be guaranteed the right to regulate, on their own responsibility, all the affairs of the local community within the limits set by statute.” This

includes the right to taxation. The constitution devotes about one fourth of its length to a detailed list of the division of legislative and executive powers between central government and the individual states (Art. 70-91). In the field of economic policy, all Länder have been engaged in their own inward investment promotion. Most of them have by now created separate inward investment promotion agencies, set up along private-sector principles, yet under state control.

However, there is evidence that in their political systems both countries are converging to some extent. With the establishment of Scottish (1997) and Welsh (1999) executives British central government has handed over powers over certain matters to the two nations, and the setting up in England of Regional Development Agencies (RDAs) and Regional Chambers/Assemblies in 1998/99 partly was a response to surging regionalism in parts of England, but also to demands of greater economic self-rule. Especially North East England demanded rights similar to those of neighbouring Scotland with its strong inward investment promotion agency. Germany, on the other hand, has had an institutionally stable federal structure since 1949. However, the scaling of government has not been uncontested. There have been, especially over the last five years, signs of central government restricting the freedom of action of lower-level political units. This did not happen through openly centralist legislation but through changes in sectoral policies. Notably, the Länder and local governments saw their finances put under strain and their economic freedom squeezed through continuing shifts of social responsibilities and financial commitments from central government downwards, especially to local governments. For example, cuts in many welfare programmes paid for and delivered by national government have contributed to an increasing financial burden on local government, which is legally obliged to provide income support to its residents.

Devolution has made considerable progress in Britain, with the establishment of a plethora of regional institutions. However, this has involved problems. Especially the "fragmented structure of bodies at the regional level contributes to a failure of governance" (Tomaney 2002a: 226). Tomaney (2002b: 728) quotes a study commissioned by the North East Regional Assembly which found that "over 20 'regional' organisations were involved in the preparation of at least 12 regional strategies."

Being recipients of significant amounts of European Union structural funds, both regions are increasingly influenced by the EU Commission. Many economic development projects are (part-)funded by the EU, with strings invariably attached to all monies received from the ERDF.

#### **4.4. Governance of the economy**

Until the early 1980s, regulatory frameworks of British and German national economies were rather different, with Britain pursuing public ownership of key industries like steel, coal and railways, whereas in Germany these industries remained privately owned, albeit many of them under tight government regulation and receiving substantial amounts of public subsidies. As Hudson (2000: 65) notes, “in the immediate post-war period there was a significant, though selective, extension of the scope of state involvement in economy and society in the UK as a central element in the Post-War Settlement (PWS)”. The presence of state-owned corporations was particularly pervasive in North East England, where the nationalised industries during the 1950s and 1960s accounted for a significant percentage of all employment. “Consequently, the northeast became characterized as a state-managed region, with a particular regional form of institutional arrangements and Labourist political culture” (Hudson 2000: 65). The Thatcher and consecutive Conservative governments from 1979 to 1997 significantly reduced the role of the direct involvement of the state in the running of the UK economy through sweeping privatisation. This had a devastating effect on the North East, as it contained a disproportionately high share of jobs in state-owned businesses. The region was made very aware that “the economic power of public corporations can also be the power to destroy whole communities by curtailing job opportunities” (Castles 1972: 144), even though many of the jobs lost have been replaced by service sector employment.

Even after privatisation, the present-day North East is still far more dependent on the state than other, economically more successful UK regions, as its current welfare is underwritten by redistributionist policies of the UK government and the EU. In addition, local government and the elements of an emerging regional government are still subject to tight central government control, both in terms of legislation and funding. Furthermore, many services

provided by local or regional authorities were transferred to non-elected “quangos” (quasi-autonomous non-elected governmental organisations, for details see Hudson 2000: 67)<sup>7</sup>.

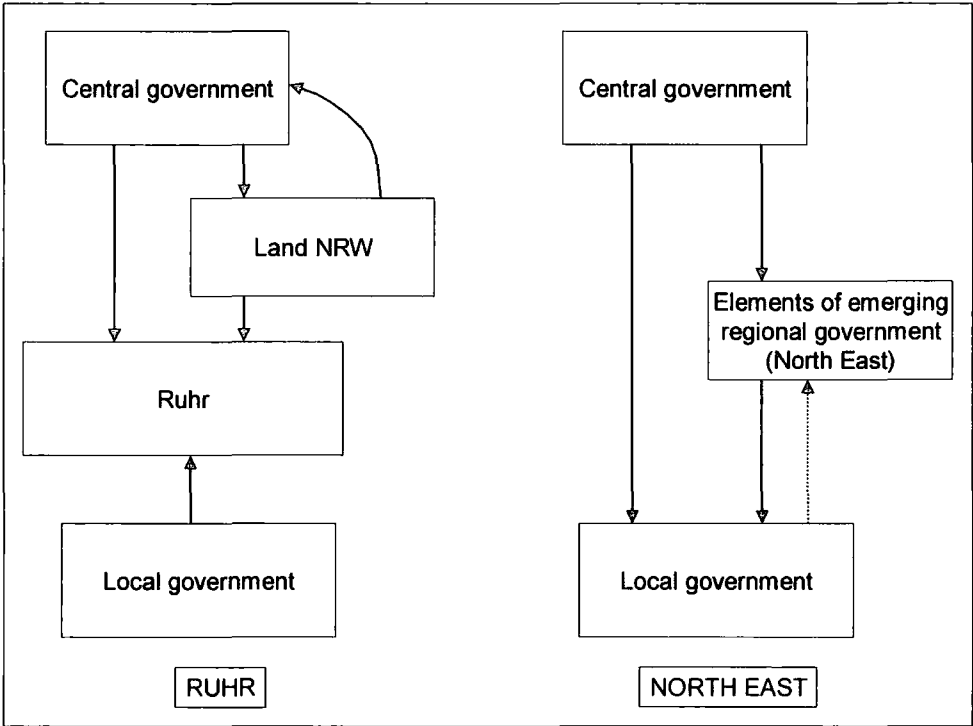
In essence, the North East is still under heavy control from Whitehall. Nonetheless, the English regions have become a more important scale of governance. In 1994 the UK government set up ten Government Offices for the Regions (GO), superseding the formerly eight (now nine) standard regions, the boundaries of which “have their origins in administrative convenience rather than in historically and socially united communities” (Pattie 2000: 330). Still, to most observers the GOs are a top-down instrument to more efficiently and co-ordinatedly administrate central government programs and initiatives in the regions. It can be argued that with the introduction of the GOs the government ‘had its ear more closely on the ground’, but did not devolve powers. In other words, this was a decentralisation only of administrative, but not of political authority. A marked shift in regional policy was the introduction of Regional Development Agencies (RDAs) across England in 1998. One North East, the North East’s RDA, took over the responsibilities of the Northern Development Company (NDC, essentially an inward investment promotion agency), the Rural Development Commission, and some functions of English Partnerships (Robinson et al. 2000). ONE North East is primarily funded by central government, through the Government Office for the North East (GO-NE).

Much like the UK, during the post-war period Germany also adopted a Keynesian economic policy, while virtually all industries remained in private hands, except those that had already been nationalised in previous decades, such as the railways. As already mentioned, Germany is a federal state, allowing a high degree of autonomy for its regions (Länder). However, the power-sharing between central and regional governments is not static. Especially the governance of economic affairs is contested, both in the interpretation of the basic law and political practice. This is largely due to the fact that the regulation of the economy falls in the category of concurrent law, where central government and the states have ‘competing’ powers of legislation. Art. 72 (1) of the German constitution states that “in the field of concurrent legislative power, the States [Länder] have power to legislate as long as and to the extent that

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<sup>7</sup> Game and Wilson (2002: 18) speak of a ‘quango explosion’: “The scale of non-elected government (...) increased enormously during the 1980s and 1990s, frequently at the *direct expense* of elected local councils. Under national governments of both major parties (Conservatives and Labour, M.B.), service responsibilities were removed from local authorities and given to mainly single-purpose Government-appointed agencies: Urban Development Corporations (UDCs) for inner city development, Training and Enterprise Councils (TECs), and Housing Action Trusts (HATs)” (my emphasis). Therefore, no analysis of economic development policy and inward investment promotion strategies can be conducted without considering the re-scaling of governance.

the Federation does not exercise its right to legislate by statute.” According to Art. 74(1) “the law relating to economic matters (mining, industry, supply of power, crafts, trades, commerce, banking, stock exchanges and private insurance) is concurrent law”, which means that these matters are the legislative responsibility of both scales of government; state and federal. In practice this provision has led to constant re-negotiation of powers of economic development between federal and regional government in Germany. The post-1960 economic development policies of the Ruhr exemplify this situation. From the 1960s the state of NRW has been the dominant actor in the Ruhr’s economic development (Petzina 1998), but times of acute crisis in the mid- and late 1970s<sup>8</sup> and from the late 1990s onwards provided justification for the federal government to intervene more directly through the introduction of ‘special programmes’ for the Ruhr.



**Fig 4.12:** Governance of the economy in the Ruhr and the North East

Figure 4.12 shows the current economic governance of both regions. The two main differences are the greater number of levels of government in Germany, and the heavily top-down policy-making process in England. In Germany, the Länder have a direct impact on government policies as they are able to block or amend central government legislation in the Bundesrat, the upper house. In England, this regional level of government is currently absent. There are elements of an emerging regional government such as the RDA and the North East

<sup>8</sup> The ‘oil shock’ of the mid-1970s hit the Ruhr especially hard. Its large concentrations of heavy engineering and manufacturing companies were dependent on the cheap supply of fossil fuels, especially oil.



Assembly, but the former is legally and financially dependent on central government. The latter represents local government of the North East, but has few competencies and plays a mainly consultative role. Compared to the RDA the Assembly's influence on economic policy on the regional level is rather limited (hence in the diagram the line of influence from local government to regional government is broken). The direct line from central to local government demonstrates the practice of the former to directly intervene in local government affairs, be it through legislation, special programmes or the setting up of quangos like UDCs.

#### **4.5. Governance of inward investment promotion**

"Pressure for a degree of devolution to the English regions comes in part (...) from concerns about the knock-on effects of Scottish and Welsh devolution, and a desire not to be left out." (Pattie 2000: 331). Since devolution came onto the political agenda in the 1970s, the North East has been especially jealous of increased powers for Scotland over its economic affairs and regional development, fearing to lose competitiveness in attracting much-needed investment from foreign private companies and the EU (Pattie 2000: 331). This fear came up in the interviews undertaken for this thesis, with many local and regional economic development practitioners saying that in inward investment promotion "we just can't keep up with the huge money the WDA (Welsh Development Agency) and SDA throw into advertising" (Interview with Clare Copsey, Tyne & Wear Development Company). For example, the WDA, established as early as 1976, has a budget four times higher than that of One North East, covering an area with a population that is only slightly higher (3.0 million) than that of the North East (2.5 million). Equally powerful is Scottish Development International, into which Scottish Trade International and Locate in Scotland recently merged. It is a joint venture between the Scottish Executive and Scottish Enterprise.

The present-day inward investment promotion framework in England consists of three levels: national (UK Trade & Investment, formerly InvestUK and Invest in Britain Bureau), regional (Regional Development Agencies), and local government, consisting of local authorities, districts and counties (where they exist). Part of the difficulty in co-ordination between the bodies on different scales seems to stem from the fact that some economic development bodies are not controlled by matching political power on the same scale. Thus, while in economic development the establishment of RDAs has introduced an intermediary scale between central and local government, on a political level there is still a gap. The RDAs are still largely controlled by central government as the funding body.

4.5.1. Organisations of inward investment promotion in the North East

UK Trade & Investment, formerly Invest UK and founded as Invest in Britain Bureau in 1977, is the United Kingdom’s inward investment promotion agency. It advertises and markets Britain as a destination for inward investment internationally.

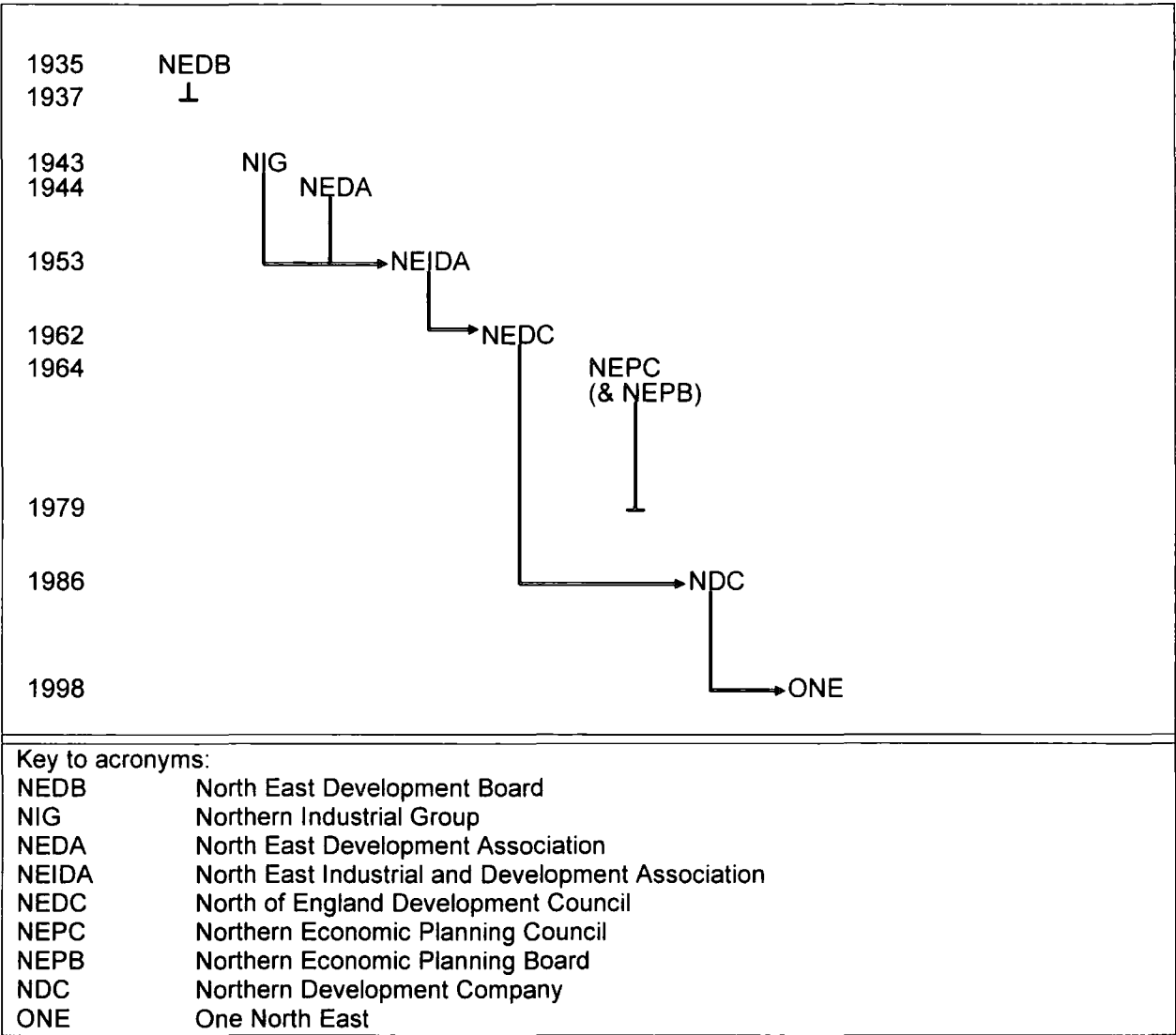


Fig 4.13: The regional economic development bodies of the North of England (1996 to 1997: North East plus Cumbria, from April 1998: North East England)

Source: Based on Cousins et al. (1974: 136), Wood (1996: 231), updated

Like all other English RDAs, *One North East* was established by an Act of Parliament in 1998, and started work on 1 April 1999. Figure 4.13 shows the historical line of development of “organisations that elites of employers, unions and politicians have brought about within the last 60 years” (Wood 1996: 231). All of these agencies “have vigorously pursued an inward investment strategy in an attempt to diversify the region’s industrial base and

economic structure, promote growth in research and development facilities, and thus secure an upward spiral of indigenous advanced manufacturing capacity. However, despite this and the North's success in attracting new investment, the region's GDP per head remained below all other UK regions except Wales and Northern Ireland in 1989" (O'Toole 1996: 186). The dynamics have not changed since then. According to the progress report on the North East's regional economic strategy, "the region has not experienced any substantial catching up with national performance. (...) On some indicators, the gap with better performing UK regions appears to have widened up to the year 1999: the latest for which data is available." (ONE 2002b: 4). One North East is therefore under intense pressure to turn around the trend, something which can – in the short term – only be achieved through attracting inward investment, especially in high-value-added industries.

Even though the establishment of a Regional Development Agency (RDA) brought greater regional management of the regional economy, many observers point at the fact that RDAs report to the Office of the Deputy Prime Minister and merely *consult* with Regional Assemblies. "They should *have regard for* the chamber's view in preparing their economic strategy: *consult with* the chamber on its corporate plan: be *open to scrutiny* by the chamber, but not actually accountable to it" (Game and Wilson 2002: 89, original emphasis). Compounding the regional accountability deficit is the fact that the chamber itself consists of "councillors, business people, trade unionists and religious leaders that were entirely *nominated*, rather than directly elected" (Game and Wilson 2002: 17, my emphasis).

*Below the regional level*, there are sub-regional partnerships in County Durham, Northumberland, Tees Valley, and Tyne and Wear. The agencies created by them are County Durham Development Company (CDDC), Tees Valley Development Company (TVDC) and Tyne and Wear Development Company (TWEDCO). In the county of Northumberland, the inward investment promotion function is performed by the County Council's Business Centre. Most local authorities such as individual districts or cities have retained their own economic development department but commissioned the above-mentioned sub-regional development agencies with inward investment promotion. For example, all five local authorities of the former Tyne & Wear Metropolitan County have agreed to have their inward investment promotion activities carried out by the Tyne and Wear Development Company. Similar arrangements exist in Teesside and County Durham.

There are some agencies that cannot unambiguously be assigned to a particular scale. The Urban Development Corporations (UDCs), for example, that were established in the North East's agglomerations of Tyneside, Teesside and Wearside, were heavily engaged in attracting inward investment to regenerate the areas assigned to them. While UDCs are local in their scope, they are quangos funded and controlled by central government. The importance of UDCs has diminished with the establishment of RDAs, but their legacy is a reminder of the penetration of local government by central government bodies.

#### **4.5.2. Organisations of inward investment promotion in the Ruhr**

In contrast to North East England, the institutional framework for economic development of the Ruhr has been rather stable over the decades. The Federal Commissioner for Foreign Investment in Germany (BfAI), trading as Invest in Germany, is responsible for inward investment promotion on the national scale. Each of the 16 Länder has its own agency, but they vary greatly in scope. The government of North Rhine-Westphalia established the Gesellschaft für Wirtschaftsförderung Nordrhein-Westfalen mbH (North Rhine-Westphalia Economic Development Corporation) in 1960 as an inward investment promotion agency but its scope had widened by the end of the 1980s to also include export promotion. On the sub-state level, most cities and Kreise (districts) have their own agencies. Duisburg, for instance, has established its own Gesellschaft für Wirtschaftsförderung (GfW-DU). The Emscher-Lippe Agentur (ELA) is the only sub-regional agency set up jointly by several local authorities to take care of their inward investment promotion. The Ruhr's regional body, the KVR, is in a peculiar position. On the one hand, it performs for its members a vital element of economic development: public relations. On the other hand, the powers of the KVR do not include other instruments of place promotion, let alone economic development. The KVR has neither the mandate nor the resources to subsidise inward investment, or to influence the 'place product' that is the Ruhr. It cannot, for example, buy or sell land or train the labour force.

There are two main differences in the institutional set-up of inward investment promotion between North East England and the Ruhr. Firstly, the number of scales involved in this policy area is much greater in the Ruhr. Secondly, economic governance and inward investment promotion are much more a two-way process in the Ruhr, while the approach in England is rather top-down, as set out in fig. 4.12 above.

However, during recent years both regions have experienced changes in the governance of inward investment promotion. In the North East, an RDA has been set up, taking responsibility for the region's economic development in general and inward investment promotion in particular, and there will be a referendum on the introduction of a regional government on the 4<sup>th</sup> of November 2004. Also in Germany, the seemingly stable institutional arrangement in the Ruhr has recently become more fluid. The state of NRW has intensified its control over the Ruhr's inward investment promotion at the expense of the KVR (Kommunalverband Ruhrgebiet), the Ruhr's 'regional parliament' which had already lost many of its powers in a 1979 reorganisation. While according to its statutes the promotion of the Ruhr to inward investors and general public relations are two of the KVR's areas of work, the financial and political powers to fulfil this role have been undermined by disputes along party-political lines among its local government membership as well as by declining funding from the Land government. As a 'competitor' institution the Land set up Projekt Ruhr GmbH in an attempt to bypass the KVR and fund local government projects directly. However, up to now the funded projects did not include any specific image promotion activities, but the selection criteria for the funding of projects clearly favour initiatives with a 'communicative yield'.

#### **4.6. Summary**

In this chapter I have sought to make clear why the two regions are in need of inward investment promotion and an improvement of their old-industrial image. From the social and economic indicators laid out above it becomes clear that both regions are 'problem cases' in their countries, as they perform at levels below their respective national average in almost any category. Many politicians pin their hopes on that the healthy growth of the UK economy will help narrowing down the gap between the North East and the UK's wealthier regions. Adams and Robinson (2002:1), however, point to the fact that growth is occurring unevenly: "Despite reasonable overall economic growth in the UK, regional differentials in GDP per head are increasing (given current trends, by 2020 GDP per head in the North East could be half the UK average)". Thus, even with a highly efficient regional policy the North East is likely to keep its 'problem case' image for at least the near future.

In its national context, the outlook for the Ruhr is less grim, as its growth rates have largely kept up with the national average, and structural change is more advanced than in the North East. However, both areas share the burden of being stereotyped as old-industrial regions by

both media and society. Some of the steps the two areas have taken so far taken to remedy this disadvantage will be discussed in the next chapter.

The second conclusion from the comparison of socio-economic indicators is that both regions are far from homogenous. Wealth, industrial structure, employment and unemployment vary widely within each region. These significant intra-regional disparities are likely to impede efforts to market each region as a whole and to build a coherent and strong *regional* image.

Thirdly, this chapter has also introduced the organisational-institutional set-up for inward investment promotion and image management in the two regions and has outlined actual and potential lines of conflict in image management activities. A central theme is that of complexity and uncertainty. The arrangements in both regions are complex, where many different organisations with often competing or even mutually exclusive interests are involved. Secondly, a re-scaling of economic governance is apparent in both regions, but the scale and speed of change are bigger in the North East. This uncertainty of fluid structures will be the central theme of chapter 6, Image and Governance.

## 5. CHANGING IMAGES

As laid out in the previous chapter, both North East England and the Ruhr are lagging behind their respective national averages on almost any socio-economic indicator. The associated stereotyping by the media has raised concerns in both regions that an unfavourable image is a hindrance to their economic development. This chapter outlines some of the attempts of both regions to counter negative perceptions. As set out in chapter 2, places seeking to change their image have various tools at their disposal, including media advertising, public relations, press liaison, personal contacts, and the staging of events. This chapter looks at the previous image efforts made in the two regions from the mid-1980s, and at the tools used. Image-building efforts in the Ruhr involved the sustained use of advertising campaigns in various media, whereas North East England's efforts mainly relied on other tools of image building and overall were low-key, intermittent and, to a degree, unsystematic (fig. 5.1).

Compiling the material for this chapter was a challenge, as only few image building efforts have been recorded systematically. Very little material from the *The Great North* campaign, carried out by the then Northern Development Company (NDC), is available in archives. The information on *The Great North* therefore largely relies on the memory of the two interviewees of the then NDC who were involved in the design and execution of the campaign. In contrast, the two campaigns of the Ruhr are well-documented in the form of two books. The fact that these books are commercially available and have sold quite well demonstrates that the organisation in charge of the Ruhr's image campaign, the KVR, takes pride in the campaign, and that motifs were well-received.

### 5.1. The Ruhr

Since the first systematic efforts of image management in the Ruhr started in 1985, media advertising has been at the forefront of promotional activities. Other activities included the mailing of brochures, a presence at real estate fairs, press releases and newspaper/magazine supplements. Advertising has also been the most visible form of image management, and for these two reasons the following section concentrates on the advertising used in the two campaigns *Ein starkes Stück Deutschland* and *Der Pott kocht*.

	RUHR		NORTH EAST ENGLAND	
	Ein starkes Stück Deutschland	Der Pott kocht	The Great North	Regional Image Strategy / "Here. Now."
Lead body	KVR	KVR	NDC	One North East (with input from Regional Assembly)
Duration	1985 – 1995	1998 – 2000	1988 – c.1992	2002 –
Total PR budget p.a. (million £)	2.2	3.0	0.4	1.3
Campaign budget p.a. (million £)	1.3	1.9	0.1	Aim: 1.0
Aim	Redress negative perceptions of the Ruhr	Build positive image of the Ruhr as a vibrant and unique place	Raise awareness and redress negative stereotypes	"Counteract perceptions of a 'dusty and dark' North East"
Main claim	"The Ruhr isn't as bad as you thought", "We offer everything you would expect from a large conurbation"	"The Ruhr is different, and an exciting place to live"	"The North East is a welcoming, modern region"	"The North East is thriving"
Main selling point(s)	Infrastructure, education, successful economy	Lifestyle, quality of life, cultural attractions	Successful economy, positive business climate	Unique character, quality of life
Target groups	General public	General public (but focus on tourism)	Businesses, opinion formers	Not clear
Target countries	Germany (from 1992: Germany, F, UK, NL, B, L)	Germany	UK (overseas to a limited degree)	Not clear
Representativeness	Balanced	Balanced	Balanced	Selective. Sub-regional brands
Main tools of image building	Advertising in print media and on billboards	Advertising in print media, billboards and TV	Personal communication of supporting stakeholders, e.g. stakeholders were equipped with 'fact books' and toolkits	Not clear
Market research / evaluation	Detailed and systematic perception research before and during campaign (every two years)	Detailed and systematic perception research before and during campaign	Only anecdotal evidence used	Detailed but rather unsystematic perception research

**Fig. 5.1:** Key characteristics of image building efforts in the two case study regions

### 5.1.1. Ein starkes Stück Deutschland

The first campaign, *Ein starkes Stück Deutschland* ('A strong piece of Germany', fig.5.2), was developed by the KVR (Ruhr Local Government Association) and PR company RSCG Butter+Rang (later Euro RSCG), and ran from 1985 to 1995 over a period of 10 years. To date, it still is the longest place marketing campaign ever undertaken in Germany. The aim of



the campaign was to 'correct' the outdated and largely negative perceptions of the Ruhr held in the rest of Germany. In the last two years, the campaign was extended to cover the United Kingdom, France, the Netherlands, Belgium and Luxemburg as well.

The enquiries generated through the advertising were followed up through sending out promotional material available in German and English. The brochures available were: "Economy", "Education and Training", "Transport", "Gastronomy", "The Sporting Ruhr Region", "Culture", and "Industrial Heritage". *Ein starkes Stück Deutschland* generated 80.000 written enquiries over ten years, and an estimated 100.000 calls to the dedicated hotline (Thies 1996).



**Fig. 5.2:** The campaign logo and slogan

Source: KVR/EuroRSCG (1995: cover)

The campaign was professionally designed and implemented, and has won several prestigious awards. The KVR commissioned a panel perception study of 2,000 randomly selected households in Germany from the Centre of Applied Social Research at the University of Bochum, which comprised an analysis of the Ruhr's perceptions before the start of the campaign and in every second up to 1995, when the campaign ended. The first perception study in 1984 revealed negative perceptions on two levels, factual and attitudinal. On the factual level, the survey revealed a basic ignorance of present-day realities in the Ruhr: For example, most respondents thought that there were hardly any green spaces in the Ruhr, and on average respondents thought that 15 % of the Ruhr's workforce worked underground, even though in reality this percentage is less than 1. On an attitudinal level, less than 10 % of respondents would be prepared to move to the Ruhr with its low cost of living even if they got a better job there. Overall, in a ranking of German regions the Ruhr came second to last, only just ahead of the Saarland. By the end of the campaign in 1995, perceptions had become

significantly more positive (fig. 5.3), but whether this correlation also signifies a *causal* relationship between the use of advertising and changes in perceptions remains unclear.

	Green land (1)	Workforce underground (2)	Prepared to move to Ruhr (3)	Attractiveness ranking
1984	8 %	15 %	9 %	19
1995	14 %	7 %	19 %	14
Actual figure (1995)	40 %	< 1 %	-/-	-/-

**Fig. 5.3:** Some results of the Ruhr perceptions panel study

- (1) Question: how much of the Ruhr do you think is green land like parks, meadows, rivers, lakes, forests, etc.?  
 (2) Question: how much of the Ruhr's workforce do you think works underground?  
 (3) Question: would you be prepared to move to the Ruhr if you were offered a much better job there and if your living costs were considerably lower than where you live now?  
 (4) Question: how attractive would you rate the Ruhr compared to these 19 other Germany regions?

Source: Thies (1989), KVR (1995)

The following section examines more closely the advertising motifs used in *Ein starkes Stück Deutschland*. The main tool of the campaign was advertising in magazines and on billboards. Across ten years, 160 motifs appeared as double page, A3 size ads in German-language weekly newsmagazines such as *Der Spiegel*, *Focus*, *FAZ-Magazin*, *Stern*, and *Zeit-Magazin* (Thies and Kaler 1995). From 1993 five motifs also appeared in international publications read by opinion-formers such as *Financial Times*, *Daily Telegraph*, *International Herald Tribune* and *Le Monde*, and in (re)location magazines such as *Corporate Location Europe*. The motifs and messages used can be grouped into six themes:

- Quality of life/nature/culture
- Successful companies of the Ruhr, or their products
- Science and the knowledge economy
- Industrial heritage
- High-quality infrastructure and accessibility
- Celebrity endorsements

The overriding concept was the presentation of surprising facts combined with headings that play on words. The aim was to counter the outdated perceptions that (according to the survey that preceded the campaign) the majority of Germans held about the Ruhr. A mix of all six themes was used in any year, but in its initial years the campaign focused on quality of life and successful economy (fig. 5.4).

	Number of motifs
Quality of life/nature/culture	77
Successful companies/products made in the Ruhr	60
Science, knowledge economy	19
Industrial heritage	10
Infrastructure/accessibility	6
Celebrity endorsements	2
Other	3
Total	176

Total number of motifs: 160. Some ads featured more than one theme.

**Fig. 5.4:** Themes of the *Ein starkes Stück Deutschland* campaign

Source: Own content analysis of advertising posters in KVR, EuroRSCG (1995)

Apart from five very obvious exceptions, all pictures were shot in the Ruhr. The campaign's first motif (fig. 5.5) set the scene in countering the notion that the Ruhr was completely built-up and polluted. Figure 5.6 conveys a similar message, depicting a regenerated former open cast mining site. A rural idyll is pictured in figure 5.7, and the text points out that 45 % of the Ruhr's area is agricultural land, and one out of two litres of milk consumed in the Ruhr is produced within the Ruhr's boundaries. Figure 5.8 quotes a recent study by an international NGO, according to which the Ruhr has the highest quality of life of all European conurbations. Figure 5.9 directly addresses the Ruhr's unfavourable image as being polluted:

Rub your finger across this area and smell the Ruhr.  
(As you can smell, you don't smell anything.)

The second strongest element in the campaign was that of successful Ruhr companies and their products. This category comprises traditional companies that are highly successful in their niche markets, traditional companies that have diversified their product portfolio from coal and steel to more technology-intensive products or services (mirroring the overall structural change of the Ruhr), and more recently founded SMEs that produce knowledge- and technology-intensive products. Figure 5.10 conveys three messages: Firstly, the ad points out that the state-of-the art Opel (General Motors) car plant in Bochum has manufactured more than six million cars. Secondly, the factory is an example of the successful restructuring of the Ruhr economy, where tens of thousands of jobs lost in the closure of mines and heavy engineering have been replaced by 'future-proof' industries such as car production and IT. Thirdly, the text stresses that most of the traditional companies of the Ruhr have diversified their product portfolio. Chemical, mechanical engineering and environmental technology industries are now the Ruhr's most successful companies. However, the ad at the same time

acknowledges that to master economic restructuring the Ruhr “still needs a lot of time, effort and, above all, self-esteem”. According to figure 5.11, a company based in the city of Duisburg built an incinerator for old tyres in California so that tyres are no longer left to rot in the desert. The ad mentions two other Ruhr companies that convert rubbish into energy in an environmentally-friendly way. Figure 5.12 states that the world’s leading escalator manufacturer is located in the Ruhr town of Hattingen.

Also strongly represented in the campaign was the theme of education, science and the knowledge economy. It was particularly emphasised that the Ruhr is home to no less than six universities, numerous polytechnics and research institutes, and several schools that offer particularly rare subject combinations. This thematic category picks up on the previous theme, the Ruhr’s successful companies and products, as many of the products are high-technology. Figure 5.13, for example, points at a new laser therapy for retinal detachment which was developed in the Essen University Eye Clinic and is now being used all over the world.

As mentioned earlier, the *Ein starkes Stück Deutschland* campaign was designed to address and reverse outdated and negative perceptions of the Ruhr. The first three themes can be seen to refute the perceptions that the Ruhr has a low quality of life, is uncultured, and has an unsuccessful economy. The following two themes, industrial heritage and infrastructure and accessibility may seem unexpected, as in these two themes the Ruhr does not suffer from negative perceptions. According to the masterminds of the campaigns that I interviewed, the inclusion of these themes reflects the desire to stress the uniqueness of the Ruhr, a claim which is central to the follow-up campaign *Der Pott kocht* (see below). However, the fact that no more than 16 out of 160 motifs used in the campaign fall into the categories of ‘well-known facts’ about the Ruhr makes it obvious that the aim of the campaign was to refute negative stereotypes rather than to reinforce positive perceptions. Accordingly, the theme of industrial heritage featured much less prominently than the first three themes. Figure 5.14 mentions the fact that in the Ruhr many monuments of the industrial history have been preserved and are now being used as museums, concert halls, and for housing.

The campaign included a limited number of motifs alluding to the central location of the Ruhr, its good accessibility, its proximity to large markets and the well-developed physical infrastructure. On some occasions even the current industrial landscape was used, such as the port of Duisburg (fig. 5.15). The text points out that the world’s busiest inland port is located



in the city of Duisburg, with more than 40,000 ships calling per year. It goes on to say that it has enabled the Ruhr economy to export easily to locations around the world.

The campaign featured a very limited number of celebrity endorsements. The two persons used have a personal connection to the Ruhr. In figure 5.16, the actor Götz George, alias Horst Schimanski, praises the people of the city of Duisburg. He is one of Germany's most well-known actors and starred as a police detective in more than fifty episodes of the 'Tatort' homicide investigation series that was set in Duisburg.

In the last two years the campaign was extended to cover the UK, France and the Benelux Countries. The design of the international campaign was undertaken by a different agency (FGK) and thus was different to the national campaign, but the messages were very similar: successful restructuring (figure 5.17), quality of life, exciting and cultured place to live.



Fig. 5.5: The first motif of the *Ein starkes Stück Deutschland* campaign (1985)

"Which way to the Ruhr please?"

"You are already right at its heart."

Source: KVR/EuroRSCG (1995: 10)



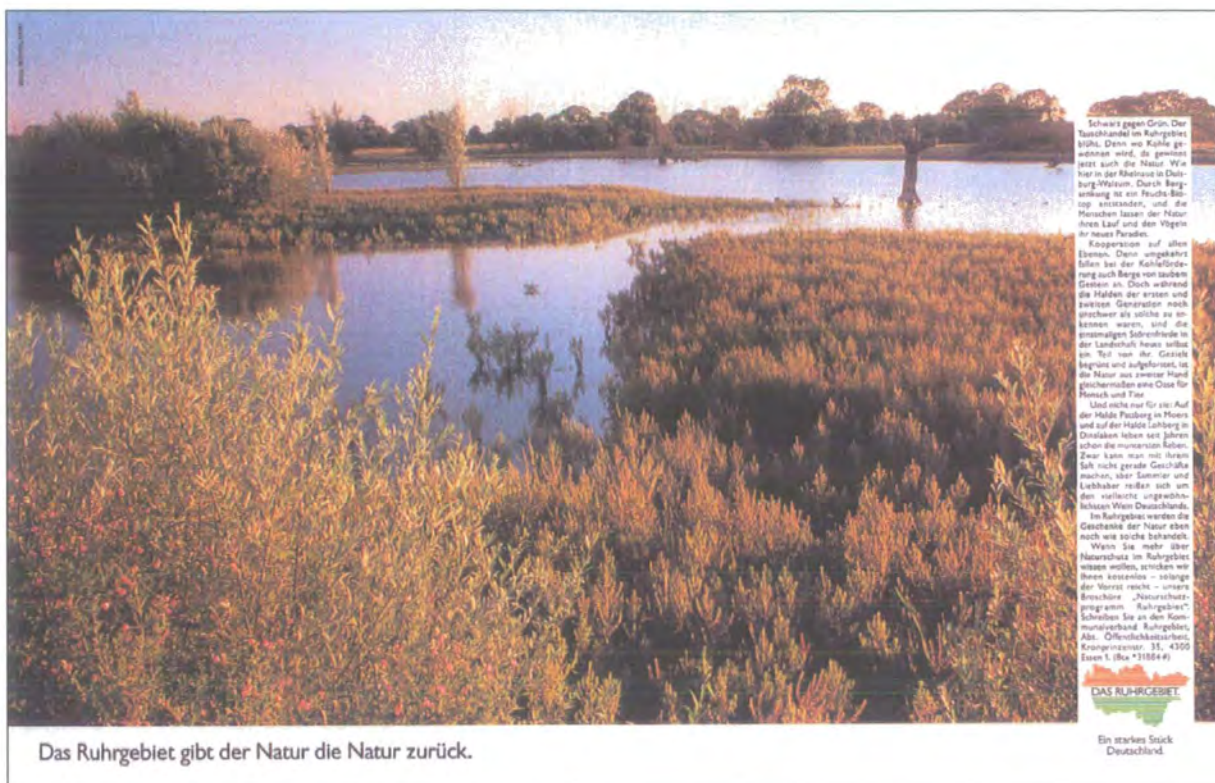


Fig. 5.6: "The Ruhr returns nature to nature" (1991)

Source: KVR/EuroRSCG (1995: 109)



Fig. 5.7: "The Ruhr makes muck heaps" (1992)

Source: KVR/EuroRSCG (1995: 123)



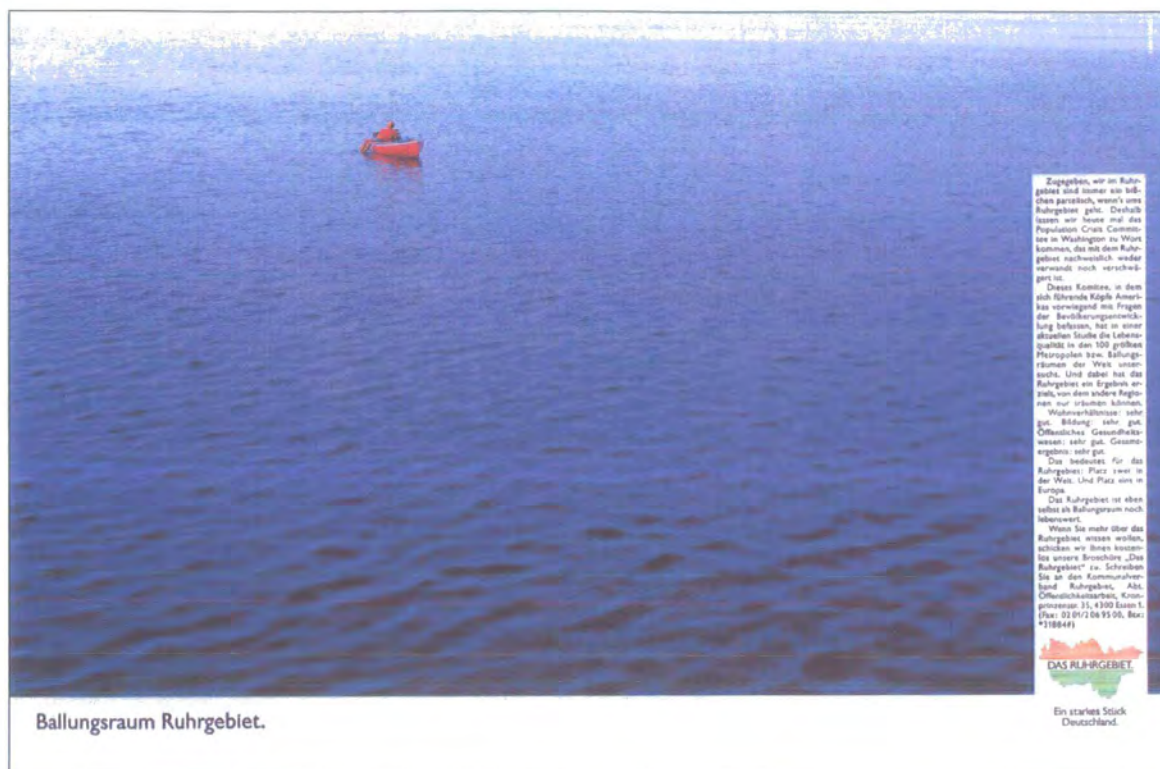


Fig. 5.8: "The Ruhr Conurbation" (1992)

Source: KVR/EuroRSCG (1995: 126)



Fig. 5.9: "Rub your fingers across this area and smell the Ruhr.  
(As you can smell, you don't smell anything)" (1991)

Source: KVR/EuroRSCG (1995: 111)

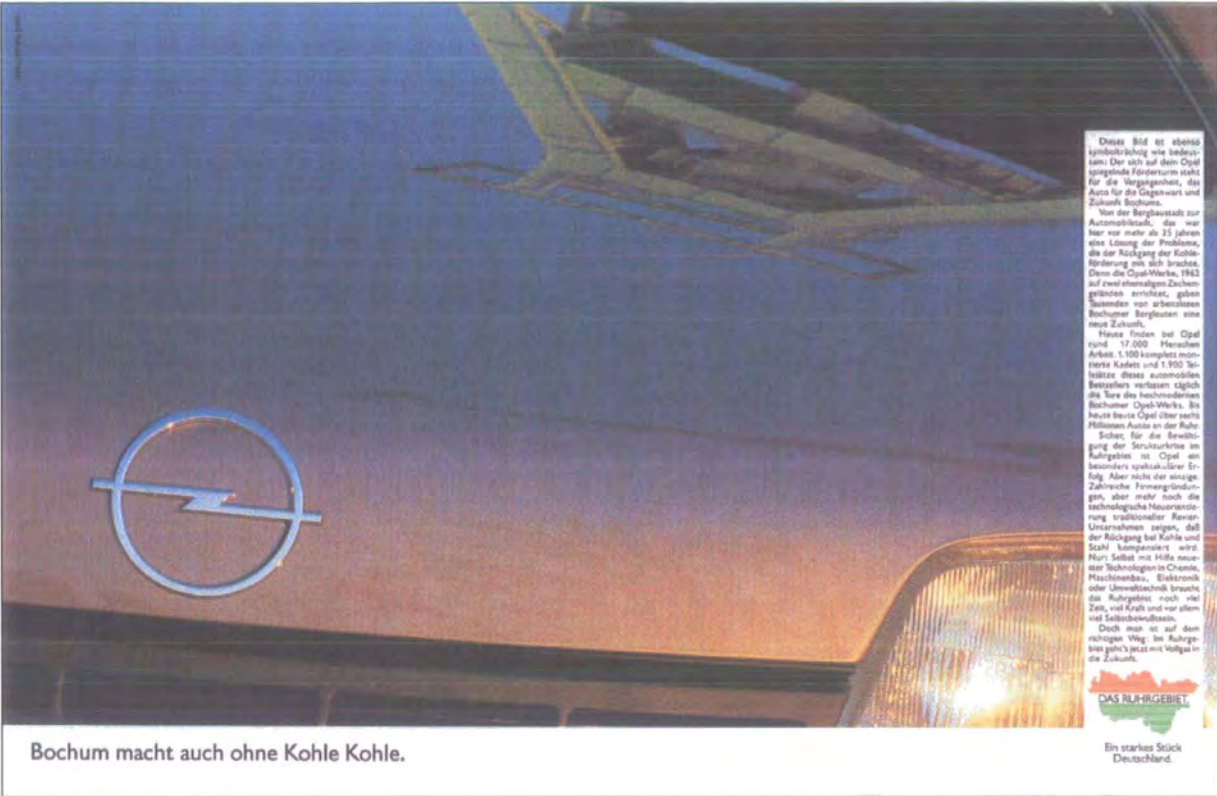


Fig. 5.10: "Bochum fares just as well without coal" (1988)  
Source: KVR/EuroRSCG (1995: 64)

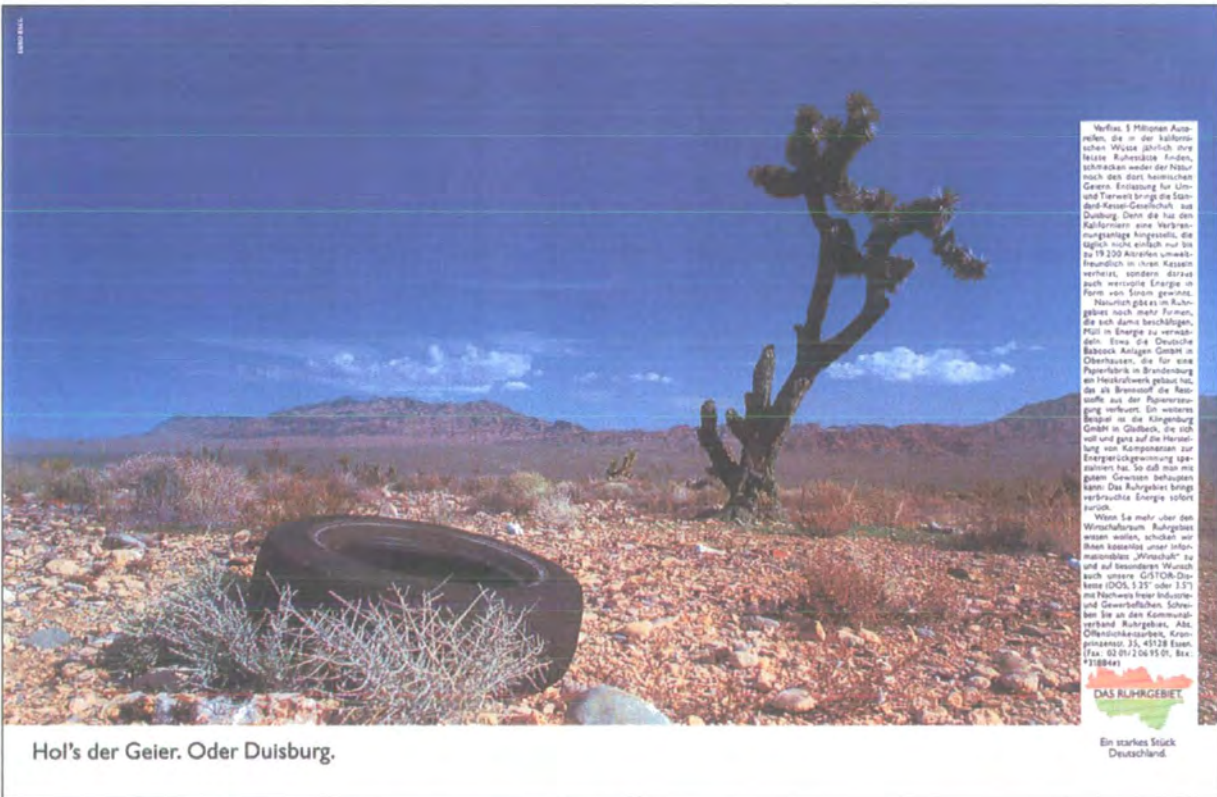


Fig. 5.11: "To hell with it. Or to Duisburg." (1993)  
Source: KVR/EuroRSCG (1995: 138)





Fig. 5.12: "Saudi Arabia is best reached via Hattingen" (1989)

Source: KVR/EuroRSCG (1995: 77)



Fig. 5.13: "Many people now see Essen in a different light." (1986)

Source: KVR/EuroRSCG (1995: 25)



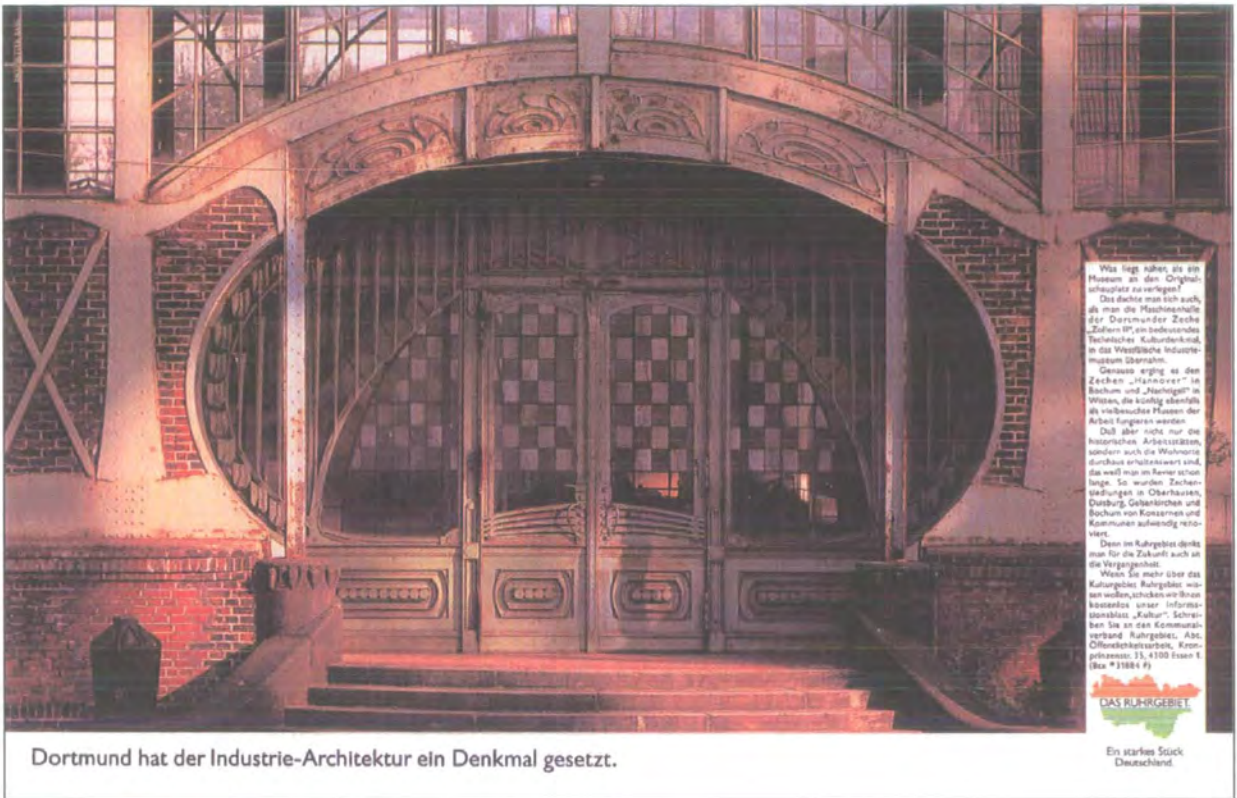


Fig. 5.14: "Dortmund has put up a monument to industrial architecture." (1989).

Source: KVR/EuroRSCG (1995: 78)



Fig. 5.15: "Duisburg unloads constantly" (1985)

Source: KVR/EuroRSCG (1995: 13)

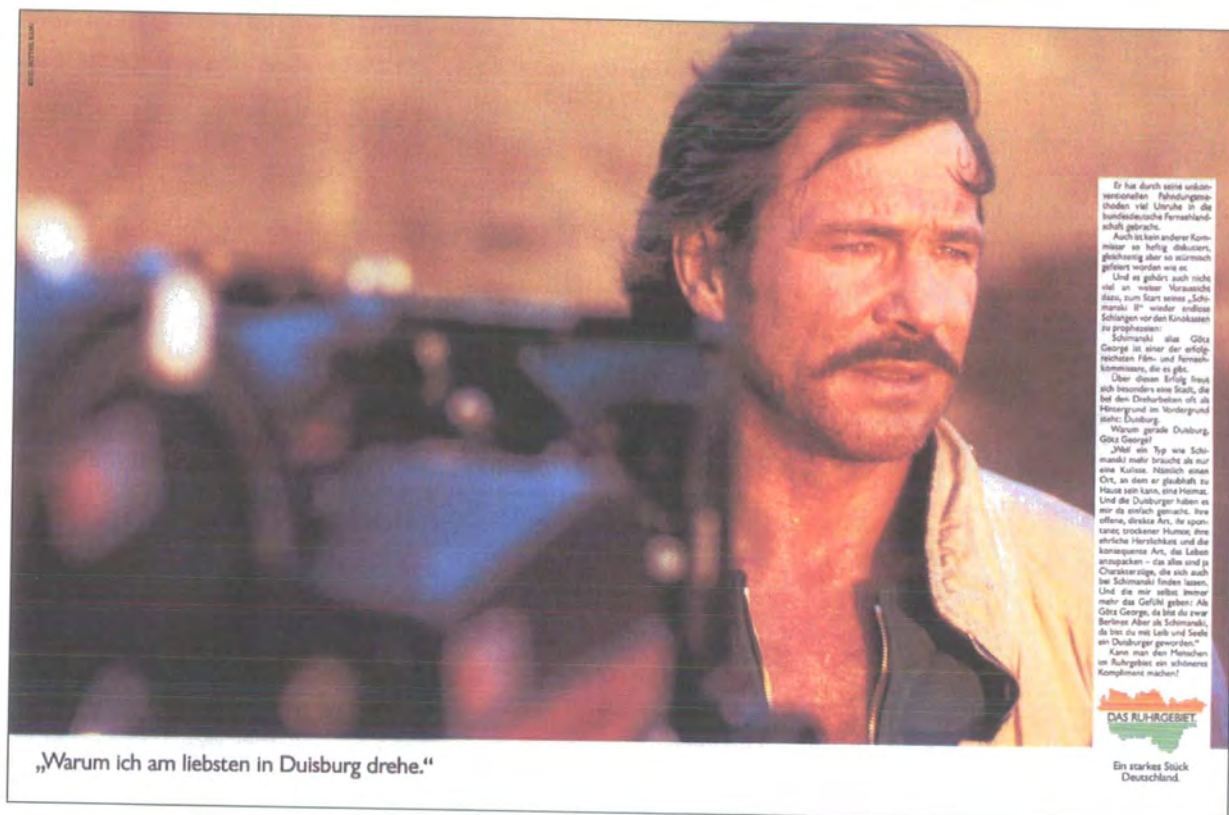


Fig. 5.16: "Why Duisburg is my favourite shooting location." (1987)

Source: KVR/EuroRSCG (1995: 49)



WHERE LIFE MEETS BUSINESS: IN THE NORTH-WEST OF GERMANY

# the Metamorphosis



**DON'T MISS THE CHANCE: THE RUHR.**

A fascinating development has changed the face of an entire region in the Ruhr: From the IBA (International Construction Exhibition) at Emscher Park emerges the biggest park in Europe. And from the

old narrow base of coal and steel a new, broader one is appearing, with a promising future, founded on economics and research, culture and education. So when are you going to change your view of the Ruhr?



For further information: KVR - The Ruhr, 45012 Essen

**FAX +49-201-2069-555**

**THE RUHR THE EUROPEAN EVENT**

Fig. 5.17: One of the four motifs used in the international advertising campaign, 1993 - 1995



### 5.1.2. Der Pott kocht

The Ruhr's second regional image campaign, *Der Pott kocht*<sup>1</sup>, ran for three years from 1998 to 2000. It was led and funded by the KVR and designed by Springer&Jacoby, one of Germany's most prestigious PR agencies. At £ 1.9 million the annual campaign budget was considerable higher than for *Ein starkes Stück Deutschland*, mainly because the campaign motifs not only appeared in print media (quality daily newspapers) and billboard advertising but also in TV commercials. In addition to the six themes featuring in the *Ein starkes Stück Deutschland* campaign, *Der Pott kocht* also contained an element of political statements. The campaign was different from its predecessor in that it was mainly concerned with demonstrating the uniqueness of the Ruhr. As the KVR's Head of Communications pointed out to me in an interview, "*Ein starkes Stück Deutschland* said, look, we are just as good as the other German conurbations. We have everything that the others have got. *Der Pott kocht* is bolder. It says, we are unique. We don't have to catch up with the other big cities. We are *different* and we know that this is not a weakness but our strength." This is reflected in the selection of the motifs which are more provocative and have attracted much more controversy than the previous campaign. The most prominent theme of the campaign is industrial heritage and how it contributes to the quality of life in the present-day Ruhr. In contrast to the previous campaign, the motifs of *Der Pott kocht* contained very little text (mostly fewer than 100 words, compared to up to 500 words in *Ein starkes Stück Deutschland*).

In its first year the campaign was restricted to advertising in the Ruhr itself. The motifs used in this first phase were rather place-unspecific. The motifs of two laughing women, a kissing couple, mating rabbits, a group of excited football fans, and an old lady wearing a virtual reality mask could have been shot anywhere. However, the text related these events to particular times and places in the Ruhr. Figure 5.19 allegedly features CentrO in the city of Oberhausen, one of the biggest shopping centres in Europe and built on industrial wasteland. Figure 5.20 depicts a football fan at a match of Schalke 04, one of the Ruhr's Bundesliga clubs. Both figures exemplify the campaign's inclusion of emotions, whereas *Ein starkes Stück Deutschland* sought to present facts.

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<sup>1</sup> The meaning of this slogan is difficult to explain. "Pott" is derived from Ruhrpott, the colloquial name of the Ruhr. "kocht" ("is cooking", "is boiling") has a double meaning. It refers to both steel-making (in German steelworkers are called *Stahlkocher*, "steel cooks") and to "boiling with passion" (which is supposed to be one of the main characteristics of the honest, hard-working, down-to-earth yet passionate population of the Ruhr).

In 1999, the campaign went external and advertisements appeared in national newsmagazines and on TV. The most prominent theme of the campaign, present in the vast majority of the motifs used, was that of culture, with an emphasis on popular culture, almost invariably set in converted industrial buildings. For example, figure 5.21 depicts a coal pit that has been converted into a night club, and figure 5.22 shows how the former steelworks of Meiderich in the north of Duisburg is being used as a dramatic setting for a classical concert.

Figure 5.23 and 5.24 allude to the lifestyle element of the campaign. Figure 5.23 depicts Europe’s largest beach volleyball hall, and figure 5.24 presents the Ruhr as a 24-hour party place. As mentioned previously, many of the photographs used were much less place-specific than those of *Ein starkes Stück Deutschland*, and indeed most of them were shot outside the Ruhr.

Like its predecessor campaign, *Der Pott kocht* also featured heavily the theme of economic strength, mainly using successful Ruhr companies or the perceived business potential of the region. Figure 5.25, for example, claims that from the centre of the Ruhr, 12 million customers can be reached in a one-hour drive.

As set out in chapter 4 (Regional Case Studies), in 1999 the KVR increasingly felt politically threatened in its existence. The KVR therefore commissioned a number of special motifs to be advertised on billboards and in regional magazines and newspapers in the Ruhr only. The messages were highly political, alluding to the fact that the three districts between which the Ruhr is divided are ruled from places outside the Ruhr (fig. 5.26). Figure 5.27 remained unpublished as it was seen as going too far by many KVR delegates.

Theme	Number of ads
Culture, mainly popular	8
Industrial heritage	8
Successful businesses / business potential	6
Lifestyle	3
Natural beauty	1
Total number of motifs	26

Total number of ads: 18. Some ads featured more than one theme.

**Fig. 5.18:** Main themes of the *Der Pott kocht* campaign

Source: Own content analysis of advertising posters in KVR/Springer & Jacoby (2000)

As with its forerunner, the KVR again commissioned detailed market research and an evaluation of the effectiveness of *Der Pott kocht*. Three surveys were undertaken in 1998, one

just before and one just after the start of the campaign, and one at the end of the campaign in 2000. The campaign generated enormous public debate and press coverage, which contributed to 28 % of the 1,500 German households interviewed in the year 2000 remembering one or several of the motifs (KVR 2000).



**Fig. 5.19:** "7.23 p.m., CentrO, Oberhausen" (1998)

Source: KVR/Springer & Jacoby (2000: 32)





Fig. 5.20: "3.53 p.m., Parkstadion Gelsenkirchen" (1998)

Source: KVR/Springer & Jacoby (2000: 36)



Fig. 5.21: "His granddad has worked in the pit. His dad has worked in the pit. Now he works here, too." (1999)

Source: KVR/Springer&Jacoby (2000: 42)





Fig. 5.22: "Until recently the foreman gave the beat here. Today it is the conductor." (1999)

Source: KVR/Springer&Jacoby (2000: 46)



Fig. 5.23: "2,150 square metres of beach under one roof. In the Ruhr everything is a bit bigger". (1999)

Source: KVR/Springer&Jacoby (2000: 57)





Fig. 5.24: "You alone decide when the night is over" (2000)

Source: KVR/Springer&Jacoby (2000: 72)



Fig. 5.25: "Nowhere in Europe is it easier to find buyers for your product. And nowhere is it harder." (2000)

Source: KVR/Springer&Jacoby (2000: 69)





Fig. 5.26: "Nice to see we're being taken care of. What's your opinion on the divided Ruhr?" (1999)  
 Source: KVR/Springer&Jacoby (2000: 53)



Fig. 5.27: "Properly or not at all." (1999)  
 Source: KVR/Springer&Jacoby (2000:52)

## 5.2. North East England

Advertising has not been the only image building tool used by the KVR over the last two decades. However, the advertising campaigns were always used as the pegs to hang other promotional activities on such as newspaper and magazine supplements, stalls at real estate fairs and the staging of sports and cultural events. In contrast to this, advertising has so far played a minor role in the image building efforts of North East England. *The Great North* largely relied on media reporting, the staging of events, and an ambassador scheme whereby North East businesspeople were equipped with promotional 'toolkits'. The current image building efforts of the region are very unclear, with continuing delays in the formulation and implementation of an image strategy. There is also a wide gap between the image strategy on paper and its practical implementation. To date, only very few parts of the strategy have been implemented, and the overall preparation process is more than two years behind schedule. The Regional Image Strategy as currently proposed is unspecific about whether or to which degree advertising will be used, but earlier drafts suggested the extensive use of advertising.

### 5.2.1. The Great North

So far, there have been two formal PR campaigns in the North East. In what was then the Northern Region, the Northern Development Company (NDC) began a five-year image campaign in 1998 called *The Great North*, which after two years was re-branded as the *Quality North* campaign. Unfortunately, I was unable to obtain any advertising motifs of the campaign. David Williams, the then Marketing Director of the NDC and now independent consultant, had –ironically– thrown away all documentation he had kept in his private archive ten days before I approached him for an interview. However, according to Mr. Williams, advertising had not been a central element of *The Great North* anyway, something which is confirmed by the only three official and internal NDC documents available. The promotional activities associated with the campaign can be grouped into general promotion and a series of events (NDC, c. 1989: 4f.). The first group includes brochures, newspaper supplements (paid for through advertising), an ambassador scheme, and very limited advertising. The latter group of tools comprised sport events, the Gateshead Garden Show, conferences (for example, on media perceptions of the region), and a series of smaller business-to-business fairs targeted at particular industries (NDC 1990: 8f.). According to Marketing Director Williams this focus was not purely a choice but equally a necessity. The campaign had a very

low budget, and due to financial constraints the main tool of promotion had to be to induce media attention and reporting through the staging of events that were largely financed by the sponsorship of local companies.

*The Great North*, re-branded as *Quality North* in 1990, had no official end date. Rather, it slowly petered out after it had lost its momentum in 1991/1992 and came to a halt when the NDC's marketing director left in 1994, although remnants of the campaign have survived for a number of years: the Great North Run, the biggest race in the North East that is open to everyone, has retained its name, and the headquarters of the NDC (and later One North East) in Newcastle's Sandyford Road carried the name "Great North House" until 2001.

### **5.2.2. "Here. Now." / Regional Image Strategy**

The issue of image lay largely dormant in the period between 1994 and 2000. Due to an absence of documentation or studies accounting for this absence I can only speculate on the reasons for this. NDC's Marketing Director David Williams, who was the creator of *The Great North* and the driving force behind it, left the company in 1994, and it was not until the year 2000 that the next traceable reappearance of the issue of image within the regional economic development body (now One North East) occurred. In this year, consultation for a new campaign was initiated by the NDC's successor, One North East, and the North East Regional Assembly (see timescale in fig. 5.28). At that time, only the aim of the campaign was clear: the improvement of the North East's image through redressing outdated and negative perceptions. However, One North East and the Assembly were much less clear about the individual targets and tools to achieve this aim, and left these matters open to debate.

The initial uncertainty has continued throughout the development of the North East's regional image building plans. The two lead agencies organised a further stakeholder consultation event at Durham Castle in March 2001 and sent out to the participants of this event a first draft for consultation of a Regional Image Strategy six months later. In early 2002 the *Here. Now.* advertising campaign was launched at three high-profile events in Newcastle, London and Brussels. The course of events between then and the publication of the second draft of the Regional Image Strategy in April 2003 is much less clear, and my key contacts at both One North East and the Assembly were very reluctant to give out information on this period. The

*Here. Now.* campaign disappeared only a couple of weeks after it had been launched with great fanfare. Poster and billboard advertising ceased, and stakeholder consultation was discontinued. I was ultimately unable to find out what had happened, but parts of the story can be reconstructed using publicly available minutes of One North East's board meetings and the recollections of a person involved in the process (who would like to remain anonymous). In mid- to late 2002 the person responsible for the RIS at One North East took ill and eventually left the company. The key person at the other lead agency, the Regional Assembly, left at around the same time.

It seems that the formal collaboration of the Assembly ended at this stage, and One North East was now the sole lead agency. A new Director of Marketing at One North East had taken over the responsibility for the RIS and in March 2003 presented an updated version of the RIS to the Board of Directors. The board minutes state that "it had not yet been decided whether to continue the linkage with the earlier 'Here-Now' campaign" (ONE 2003b). This has been the last mention of the RIS to date in any publicly available One North East document, including the board minutes. Despite numerous enquiries through letter, e-mail and telephone the only comments I was able to personally obtain from One North East said that work on the RIS was "ongoing" and thus no further details could be provided. However, both from the minutes and from the second RIS draft of April 2003 it became clear that the focus of the campaign, which now seems to be back at the planning stage, has changed. Up to and including the *Here. Now.* campaign the aim was to represent the region as a whole and to develop a regional brand and logo, whereas the second draft of the RIS of April 2003 recommended a focus on four or five "fighting brands" that have a national and international profile (ONE 2003a: 7), such as Newcastle-Gateshead, Durham or the 'Coast & Castles' of Northumberland. This switch of strategy apparently came as a result of further market research, concluding that "the value of regional brands is not proven" (ONE 2003a: 6).

According to the draft document of October 2001 (ONE / NEA 2001a), advertising would be one of the central elements of the North East Regional Image Strategy. However, the resulting *Here. Now.* campaign lasted for no more than a couple of weeks, and the only motif I was able to obtain is reproduced below (fig. 5.29). The short duration meant that not many motifs saw the light of day anyway, and the second problem in obtaining copies of the motifs was the bankruptcy of the company that designed the motifs, Yellow M. According to the owner-manager of the PR company hired to develop a creative concept for the image strategy,

Persuasion (then called Gentle Persuasion), the initial concept for the campaign envisaged the use of testimonials of celebrities like the singer Elton John, but these motifs have never been produced. One North East's Annual Report 2001/2002 lists other celebrities set to support the campaign, such as Lord Puttnam, Ian Wright, Lesley Garrett and Digby Jones (ONE 2002c: 17), but for reasons to be explored in the following chapters the campaign did not go ahead. Understandably, One North East's next, and currently latest, Annual Report (2002/2003, ONE 2003c: 18) makes no mention whatsoever of the *Here. Now.* campaign, its high-profile launch and its associated celebrities.

June 2000	First event (at Sunderland's Stadium of Light) to kick-start debate about regional image
Dec 2000	New persons at the two organising bodies (ONE and NERA) take over
Early 2001	Market research on existing perceptions in Germany, France, the US and Japan as well as on self-image of people in the North East
March 2001	Durham Castle event
October 2001	First draft for discussion of a Regional Image Strategy (sent only to selected stakeholders)
Feb. 2002	Launch of <i>Here. Now.</i> campaign in Newcastle and London
March 2002	Launch of <i>Here. Now.</i> at the British embassy in Brussels
End of March 2002	<i>Here. Now.</i> discontinued
Mid- 2002	Person responsible for the RIS at One North East took ill and left subsequently Key person at the Assembly left
Dec. 2002	New phase of market research completed
March 2003	Presentation of second RIS draft to the One North East Board by the new Director of Marketing
April 2003	Publication of consultation document "Towards a Regional Image Strategy for the North East" by ONE North East. Publicly available from their web page


**Fig. 5.28:** Timeline of key events of "Here.Now." and the Regional Image Strategy

Source: ONE (2002a, 2003a, 2003b, 2003c), internal consultation documents, ONE North East/North East Regional Assembly press releases, interviews



It has a heartbeat, a soul and a life-blood all of its own.  
 It's more than just a place where you live, where you work.  
 It's a part of you, it happens all around you. You live it, you breathe it, you create it.  
**The North East is thriving.**

# Here.



# Now.

**NORTH EAST  
 ASSEMBLY  
 THE VOICE FOR  
 THE REGION**

**one**  
 north east  
The Development Agency  
 for the North East of England

[www.ne-herenow.co.uk](http://www.ne-herenow.co.uk)

**Fig. 5.29:** A full colour press ad of the "Here.Now." campaign (2002). Source: from the campaign launch folder. The text of the ad reads:

"It has a heartbeat, a soul and a life-blood all of its own.  
 It's more than just a place where you live, where you work.  
 It's a part of you, it happens all around you. You live it, you breathe it, you create it.  
 The North East is thriving."



### 5.3. Summary and conclusion

This chapter has given an overview of recent image building activities on the regional scale in North East England and the Ruhr. In the Ruhr, advertising has been the central instrument of image building. In North East England's first campaign in the late 1980s and early 1990s advertising has only played a minor role. Most documents available for the North East's currently planned Regional Image Strategy envisage strong use of advertising.

Overall, image efforts in the Ruhr have been much more sustained than in North East England. The Ruhr has been developing, applying and frequently reviewing a systematic image management from the early 1980s onwards, resulting in well-planned, well-resourced and sustained campaigns based on advertising. In contrast, the approach taken by the North East has been one of intermittent, short and piecemeal efforts. *The Great North* campaign was well-planned but eventually petered out after stakeholder interest had vanished. The current Regional Image Strategy has been in the planning stage for four years now but still has not been implemented, apart from a very short-lived advertising campaign in early 2002.

There are a number of possible explanations for these differences. Firstly, the very limited use of advertising in the North East might have been a choice by the individuals responsible, but this approach might have also been adopted out of necessity as general budgets for image building and promotion were and still are very low, not only compared to the Ruhr but also to the two main UK competitors Scotland and Wales. This leads to the second point, a lack of resources. As shown in figure 5.1 on the second page of this chapter, budgets for PR and image building have been much lower in the North East than in the Ruhr. This might be due to a general lack of resources on the regional scale, but in the face of the high budgets of both the NDC and One North East the question arises as to whether the lack of resources reflects an underlying lack of commitment, resulting in the non-allocation of resources these activities. Image building indeed is only an evolving policy area and a controversial topic, and its usefulness is still open to debate. This point will be revisited in the following three chapters.

Thirdly, it seems that one of the key reasons for the inconsistency of the North East's image building activities since the year 2000 is the fluctuation of key staff, which in itself can lead to

delays. But these fluctuations can lead to a strategy *breakdown* only within an organisational and institutional framework that either lacks robustness in that it has serious deficiencies in its design, distribution of responsibilities and/or accountability, or places little strategic importance on the policy area of image building. These questions will be further examined in the following chapter, governance. The degree to which the differences in the image-building efforts can be attributed to differences in *individual* leadership will be examined in chapter 8, Leadership. The question whether and in which ways self-reflexive learning and learning from other places has influenced image building in the two regions will be the object of chapter 7, Learning.

## 6. IMAGE AND GOVERNANCE

*There is 'the problem of many hands' where so many people contribute that no one contribution can be identified; and if no one person can be held accountable after the event, then no-one needs to behave responsibly beforehand.*

(Rhodes 1997: 55)

### 6.1. Introduction

Issues of governance are important to this thesis in a number of ways. This section looks at the interplay in the image building process of organisations and institutions of both different scales and sectors. This includes the questions of how important regional actors of place promotion are and whether the region is an appropriate scale for promotion. Two main trends are identified: the shift from government to governance, and, within this, a move from regulation to partnership. This chapter expands on chapter 4 (which looked at power relations between regions and the national level in general) in its analysis and examines what theories of governance can contribute to an understanding of the image building process, and how current theories can be modified in the light of empirical findings. The main criticism of the current debate on governance is that it significantly overestimates the decentralisation of power. I argue that presently the North East is still very much centrally governed while only the *mechanisms* of policy delivery have changed. Claims such as the 'hollowing-out' of the state are not supported by my empirical findings. The governance literature is also overly centred on processes of re-scaling of the *British* state. In the terms of this debate, the German central state has always been 'hollowed-out'.

The first part of this chapter introduces the basic concepts of governance. One central element in the transition from government to governance is a *rise in the number of organisations* involved in policy making. Hence in the second part actors of the image building process will be identified and their contribution to image building on the *regional* scale identified. The third part examines the second central feature of

governance, the changing nature of *relationships between* these organisations (co-ordination versus competition, hierarchy versus networks). In terms of empirical results, this chapter identifies economic development stakeholders in both regions, examines whether and to what degree they are involved in image making, and looks at whether and how these organisations interact in this process.

Theories of learning and governance intersect in interpreting the interplay of organisations in the image-building process. Accordingly, some issues raised in this chapter will be revisited in chapter 7, Policy Learning.

As discussed in chapter 3 (Methodology), the data analysed in this chapter have some limitations, partly due to the fact that previous image efforts were carried out a long time ago and no systematic records have been kept, and partly because the organisations involved in present image campaigns were reluctant to give out information. The two lead organisations of the North East Regional Image Strategy, One North East and the Regional Assembly, had been very supportive of my work. After the key person of each agency had left in 2002, One North East, now the sole lead agency, became increasingly reluctant to give out information. As described in chapter 3 (Methodology), I even encountered a degree of secretiveness which I attribute to One North East being embarrassed at the failure of the “Here. Now.” advertising campaign and at the fact that after this setback, the image strategy had not led to any tangible results in spite of four years of preparations.

As set out in chapter 3 (Methodology), the collection of information on the North East’s first systematic image improvement effort, “The Great North” campaign, was compounded by the instability of the organisational landscape in the North East. Many relevant organisations had either been abolished, or have had a high staff turnover, and many key staff had left their organisations. As demonstrated at the end of chapter 4 (Regional Case Studies), the organisational set-up for economic development and inward investment promotion has changed frequently and rapidly. Not only is One North East the seventh regional inward investment / economic development body after World War II

(see figure 4.13 in chapter 4), but there has also been considerable re-organisation on the national level. UK Trade & Investment, formerly InvestUK and Invest in Britain Bureau, has changed its name and functions twice since 1997. Other central government agencies such as Urban Development Companies have been established and abolished at a speed few observers could follow. Metropolitan county councils have been established in 1974 and abolished in 1996, and most sub-regional inward investment / economic development agencies have only been founded in the early 1990s. The referendum on 4 November 2004 could bring further changes, including the transformation of the currently largely consultative Regional Assembly into a regional government with executive powers. This contrasts sharply with the relative organisational stability of the Ruhr, where few organisations have been abolished or newly set up. However, the regional body KVR has seen frequent re-organisation and has been stripped by the NRW state government of its far ranging powers in certain areas (most notably, planning) in 1979 but gained responsibility for public relations for the Ruhr area.

The collection of data has been much easier in the Ruhr. The KVR, the organisation in charge of the Ruhr's public relations, has been very open and supportive. They made several key persons available to me for interviews, and allowed me access to their comprehensive and well-kept archives. KVR also introduced me to the agencies to which they had commissioned two advertising campaigns.

The differences in organisational and institutional stability between the two regions are not only a methodological point but also an analytical issue in their own right. The fact that changes in the organisational landscape of the North East and the departure of key persons from lead organisations of the Regional Image Strategy were able to set back the image building process by two years suggests that the image building process in the North East is very vulnerable, or that the task is not very high on the region's agenda. With sufficient backing from inside the lead organisations and with sufficient stakeholder pressure from the outside the image strategy might have continued more smoothly.

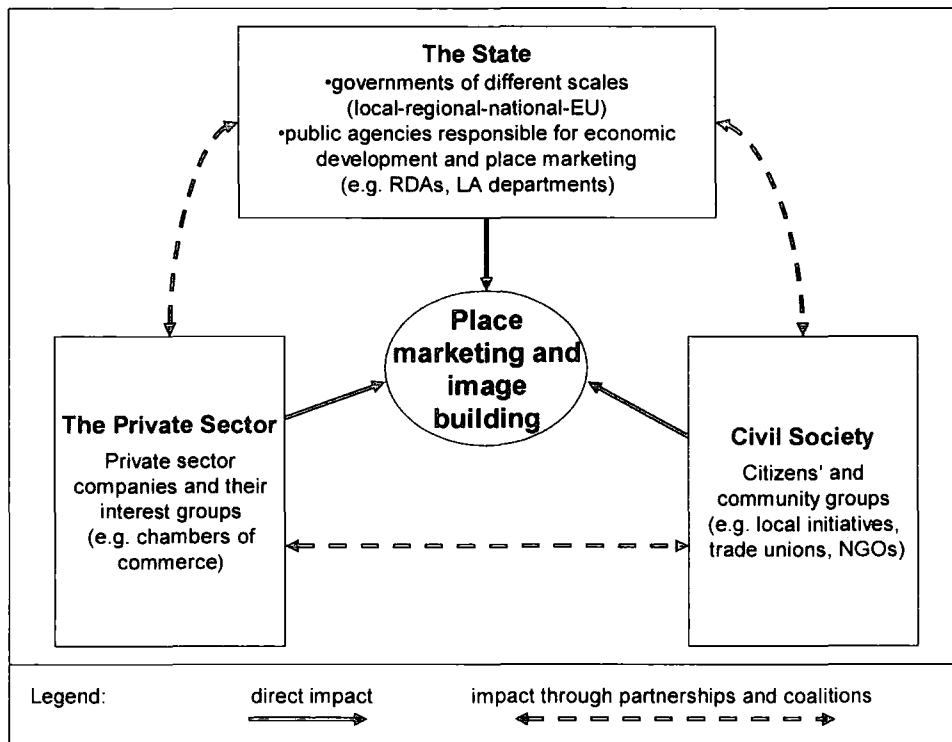
## 6.2. The concept of governance

Distinguishing between the *practice* and *study* of governance, the term is used both as a description of changes in the material conditions of governing, and as a tool of analysis. In other words, the concept can either be used to describe (perceived) changes in the way power is exerted, or as a new way of looking at processes of governing which may or may not have changed significantly over the last decades.

In the explanation of societal and territorial development there has been a shift in frameworks of analysis from 'government' to governance'. The dominant view now is that government and government agencies are just one group of agents of policy-making and implementation among many (Painter 2000a: 317). The key dimensions of governance are sector and scale of organisations and individuals involved, and the mode of co-ordination between them. Figure 6.1 illustrates the array of actors in the image management process: 'Governance' includes elected government of any scale, "a range of non-elected organisations of the state (at both central and local levels) as well as institutional and individual actors from outside the formal political arena, such as voluntary organisations, private businesses and corporations, the mass media and, increasingly, supra-national institutions such as the European Union" (Goodwin and Painter 1996: 636). "To some extent this definition is a belated recognition that the coordination of complex social systems and the steering of societal development have never been the responsibilities of the state alone, but have always involved interaction between a range of state and non-state actors" (Painter 2000a: 317).

The relevance of the governance literature for my topic lies in its strong focus on process and an explanation of the multiplicity of actors involved in the image-building process. The great number and variety of actors throws up the question of whether and how consensus in opinion-forming and decision-making is reached through interaction. A key element in place marketing is the collaboration of public administration with civil society and business interest groups, resulting in various arrangements of informal coalitions and formal or informal public-private partnerships (Kearns and Philo 1993: 3ff). While this

collaboration has been quite well researched on the local scale (e.g. Bassett 1996, Bennett and Krebs 1994, Boyle 1995, Goodwin and Painter 1996, also see Millington et al. 1997 for a review of 71 studies), less is known about how agents on *different scales* work together.



**Fig. 6.1:** Interaction of place marketing stakeholders in the image-building process

In contrast to government, where hierarchy is dominant, and markets, where relations are individualised, most governance structures rely on networks and partnerships. Many authors ascribe self-organizing powers to these networks and partnerships: “self-organization of inter-organizational relations” (Jessop 1997: 59) or “self-organizing, interorganizational networks” (Rhodes 1997: 53). This personification of organisations as self-organising bodies provokes the question of what constitutes the “self” in this case: who influences this ‘self’-organisation, and in which way does this happen? Regulation theory could provide clues to answers, with its central idea that economic activity is sustained and constrained by the ‘mode of regulation’, “a set of state and private institutional forms, social practices, habits, and norms (...), which *induce private individuals to act in the interest of achieving overall economic stability*” (Gertler 2000:

691, my italics). Consequently, my research has to ask *how* and *by whom* agencies of regional economic development in general, and private sector companies in particular, are induced to engage in an image-construction and management process.

Drawing on the focus of governance research on the variety of organisations involved and the relationships between them it is essential to ask which actors and institutions are involved in the image construction and communication process, and how they work together, including questions of

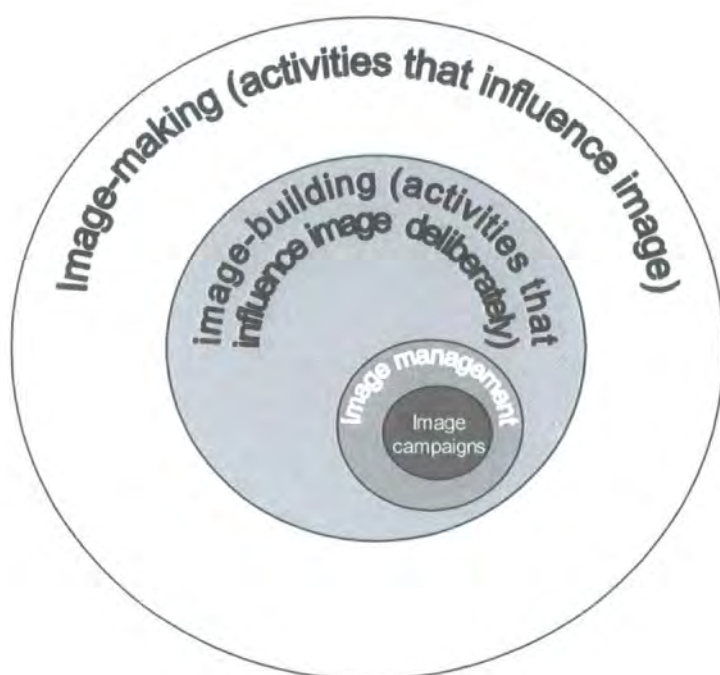
- (a) power relations (such as how much control the state (still) holds over economic development and marketing of the region)
- (b) the authority of organisations and individuals involved to represent others
- (c) in connection with (b), how the organisations and individuals involved see themselves: what are their official goals? What is on the 'hidden agenda'? Whom are they reporting to (formally or de-facto)? What are their motivations for driving or at least taking part in image building? What is 'in it' for them?
- (d) To what extent, if at all, do actors need to be territorially embedded in the region in order to have a voice in the image management process? This is especially relevant for specialised service providers such as advertising agencies that are often brought in from outside the region, and for private sector companies who have newly (re)located to the region and are now themselves promoting the region. Or they have become 'part of the promotional message' themselves through being used by the region as a success story to show its competitiveness, in the hope of an image transfer from the company's brand(s) onto the region.

These questions are especially relevant for territorial economic development, and for place marketing and image management in particular as images and representations of a place are rather loosely defined, fluid and intangible and thus open to multiple ways of reading. It is the nature of images and representations that they are very much open to individual interpretations. As a result, regional images are likely to be contested by many interest groups and to be subject to constant re-negotiation.



### 6.3. Institutions engaged in image building and management

This section attempts an overview of the most important organisations exerting influence on the images of the Ruhr and North East England ('image making') and establishes whether or not these contributions are conscious ('image building'). If they are, are they aimed as a contribution to a joint regional image building effort ('image management')? Particular emphasis will lie on participation in *formal and co-ordinated* image-building activities such as advertising campaigns (see figure 6.2).



**Fig. 6.2:** Image campaigns are only a small part of all image-making activities.

Not all regional economic institutions are directly engaged in place marketing, let alone image building. It can be argued, however, that indirectly all organisations are invariably contributing to the region's image, as every communication to the 'outside world' entails conveying a message that in some way contributes to outside perceptions. In this overview, however, I want to pay particular attention to those institutions that purposefully *aim* at changing or improving the image of the region, or of parts of it, be it explicitly (as stated in the organisation's statutes or mission statement) or implicitly, as

part and parcel of general economic development, place marketing or investment promotion activities.

The reason for this focus on 'image-builders' as opposed to 'image-makers' lies in the fact that establishing an exhaustive list of the latter is impossible. This is due, firstly, to methodological difficulties. The number of potential sources for the formation of perceptions held by potential inward investors is seemingly infinite. Secondly, the evidence from previous studies on the influence of various sources of information on inward investment decisions is patchy and mainly deals with the transmission of 'hard facts' rather than images of the investment destinations (Grabow et al. 1995). In two surveys of information sources for foreign direct investment decisions Bickl (2000) and Diller (1990) found, through questionnaire surveys and interviews with CEOs and technical staff (e.g. accountants and engineers), that the most widely used sources were: knowledge already present within one's own firm (be it codified or tacit), industry associations and chambers of trade, economic development agencies, and own travel to the destination country. In both studies various types of media were reported to be used but were largely considered unreliable, especially the internet, but also financial newspapers and magazines were treated with caution. The decision makers thus reported that the media were of little influence for their investment location decision. It became clear that the most valued and trusted source of information was personal contacts, preferably with senior persons from the same industry. This leaves my PhD research in a dilemma as it is virtually impossible to identify personal contacts as sources of information as this would require knowledge of whether and which information about the two case study areas is discussed in private conversations in business circles. But even if the sources of investment-relevant information were definitely known, it is unclear which of those sources are more or less influential in forming perceptions in the decision-makers' minds. It might be that some sources are employed to obtain 'hard facts' only, in which case the likelihood that these sets of information effectively transmit images tends to be little. In the light of these considerations the following analysis will largely focus on the following information sources: economic development agencies, business

associations and organisations of civil society. This list will be followed by a discussion of whether and how these organisations are relevant to the image-building process.

### 6.3.1. The Ruhr

The identification of image-relevant actors in the Ruhr is compounded by the fact that there is no general agreement on the boundaries of 'The Ruhr'. For example, the Statistisches Bundesamt (Federal Office for Statistics) uses a definition different from the Kohleverband (Coal Board). The most commonly accepted territorial extension of the Ruhr is those cities and districts that are member of the Kommunalverband Ruhrgebiet (KVR, Ruhr local government association, fig. 6.3), the organisation that represents the Ruhr's local governments.



**Fig. 6.3:** The member cities and Kreise (= counties) of the Kommunalverband Ruhrgebiet (KVR)

The 11 cities (which in the British system would all be labelled as unitary authorities) are shown in light red, the four Kreise (counties) in light or dark green. Altogether the KVR contains 53 Gemeinden (local authorities, in black font).

Source: [www.kvr.de](http://www.kvr.de)

Administrative borders cut across the area, creating several territorial divisions within the Ruhr. Firstly, the Ruhr is split up between the three Regierungsbezirke (districts, an administrative level between Kreis (county) and Land) of Düsseldorf, Arnsberg and

Münster. These three districts, however, each extend well beyond and have their seats outside the Ruhr (figure 6.4). Secondly, many administrative boundaries still follow the Napoleonic border between the Rhineland and Westphalia (Kilper 1995:75) which cuts right across what in the early 1800s was agricultural land but only decades later had developed into an industrial conurbation of six million inhabitants. In 1949 the Rhineland and Westphalia were joined together in the creation of the Land of North Rhine-Westphalia (NRW), but the old boundary is still reflected in present-day administrative-territorial arrangements. For example, both the protestant church and the DGB (Deutscher Gewerkschaftsbund, association of German trade unions) have two regions within the Ruhr, Rhineland and Westphalia. This is mirrored by the five chambers of commerce, whose administrative boundaries have little resemblance with the Ruhr as defined by the KVR.

Even within one city or sub-region there is sometimes a plethora of organisations involved in economic development, often without a clearly defined division of labour. For example, the city of Dortmund has the Wirtschafts- und Beschäftigungsförderungsgesellschaft (economic and employment promotion agency), the Dortmund-Project (public-private partnership for economic development), the City-Marketing-Agentur (public-private partnership for the development of the city centre), the Stadtmarketing-Agentur (city centre retailers' association), and the Tourismus-Agentur (tourism promotion agency). Given the multiplicity of actors even on the regional scale, the following list of organisations is not exhaustive but aims to include the most relevant actors.



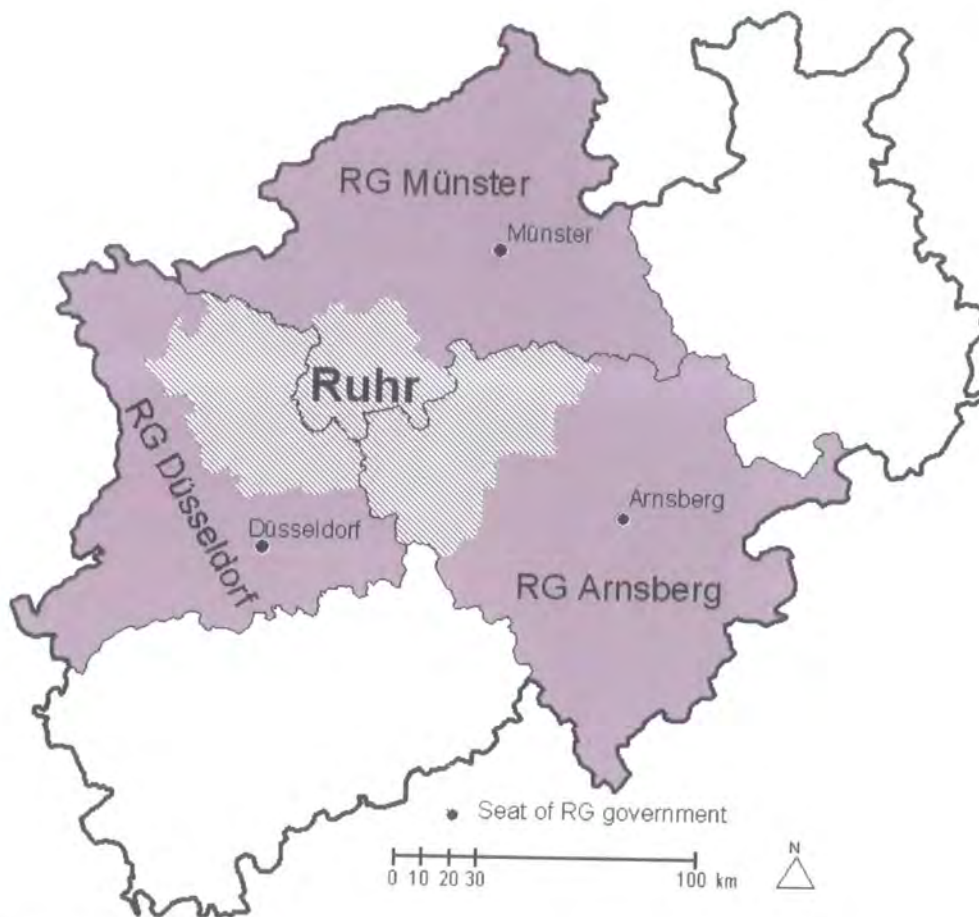


Fig. 6.4: The location of the Ruhr in the state of North Rhine-Westphalia, and its division between three Regierungsbezirke (RG, districts)

Source: author.

### State institutions and institutions with a state mandate

*Federal state: Federal Commissioner for Foreign Investment in Germany (BfAI), trading as Invest in Germany*



The central inward investment promotion agency of Germany provides information on the whole of Germany as an inward investment destination but has links to all 16 State economic development agencies (among them GfW-NRW, see below). Invest in Germany has not engaged in any image campaigns but has implicitly been concerned with image building efforts through their general promotional work.

*Land: GfW-NRW Economic Development Corporation of Nordrhein-Westfalen*



GfW-NRW is a private corporation wholly owned by the state of NRW and reports to the NRW Ministry of Economic Affairs and Labour. GfW provides services both for NRW companies wanting to go international and for companies from abroad wanting to set up operations in NRW, engaging in international business location PR. It was set up in the sixties to “cope with the masses of pushy investors” (interview with the Director-General) but changed its stance from administrative to entrepreneurial in the early 1980s. Its current campaign is “Welcome to the 21<sup>st</sup> Century, Welcome to NRW”. It involves publications, events, stalls at fairs, congresses, but no advertising. GfW also provides information and consultation services for municipal and regional economic development institutions<sup>1</sup>.

*District governments. The example of Regierungsbezirk Düsseldorf*

Telephone calls to all three district governments and an examination of their www pages revealed that none of them carries out any deliberate image building initiatives. Traditionally, district governments have been more concerned with administration and regulation of the economy and less with promotion. The one district government interviewed, Düsseldorf, has a business liaison office, which undertakes marketing through organising conferences, fairs, and liaising directly with potential investors and multipliers. However, the district of Düsseldorf is not engaged in any explicitly image-building efforts and its influence on the image of the Ruhr seems to be limited. The two business liaison officers interviewed at Regierungsbezirk Düsseldorf were unaware of most of the aspects of the KVR’s current image building efforts.

*Kommunalverband Ruhrgebiet (KVR)*



Kommunalverband Ruhrgebiet

The KVR is the lead agency of image management in the Ruhr. All 15 Ruhr Kreise (roughly equivalent to English counties) and kreisfreie Städte (roughly equivalent to English

<sup>1</sup> [www.gfw-nrw.de](http://www.gfw-nrw.de), accessed 02/12/2003

unitary authorities, see fig. 7.2) are obliged by law to be members of the KVR. Due to this compulsory membership not all local governments wholeheartedly support the KVR. It was set up in 1920, and changed to its current form as a public corporation through an act of NRW state parliament in 1979. Through this act the KVR lost many of its powers but gained responsibility for PR for the Ruhr. The KVR has, in the past 20 years, run two image campaigns for the Ruhr: “Ein starkes Stück Deutschland” and “Der Pott kocht” (see chapter 5).

#### *Projekt Ruhr GmbH*

**PROJEKT R U H R** Operating like a private sector company but wholly owned by the state of NRW, Projekt Ruhr has the same spatial area of responsibility as the KVR. According to many commentators it was set up as an attempt of the Land to curb the power of the local-government-led KVR. It does not carry out projects itself, but provides money and advice to kick-start individual and especially collaborative projects between two or several local governments, private sector companies or social organisations. Projekt Ruhr sees itself as a ‘network connector’ and does not engage in image campaigns, and none of the projects sponsored by it is a PR campaign. However, one of the selection criteria for the projects it supports is ‘communicative yield’, and it therefore supports a number of flagship projects that are likely to attract media and public attention to the Ruhr and its restructuring.

#### *Local government economic development offices / companies*

All 15 counties and unitary authorities in the Ruhr either have an economic development department or have set up a private sector company to undertake place promotion (see fig. 6.5), mostly in the form of partnerships between local government and local businesses or business associations. There is only one ‘supra-local’, sub-regional arrangement: Emscher-Lippe-Agentur undertakes place marketing for one county and two adjacent cities.



<b>County / unitary authority</b>	<b>Name of economic development body</b>	<b>Legal form</b>
Bochum, city of	Wirtschaftsförderung Bochum	gd
Bottrop, city of	Amt für Wirtschafts- und Beschäftigungsförderung	gd
Dortmund, city of	Wirtschafts- und Beschäftigungsförderung Dortmund GmbH	gd
Duisburg, city of	Gesellschaft für Wirtschaftsförderung Duisburg mbH	ps, ppp
Ennepe-Ruhr, Kreis	Sachgebiet Kreisentwicklung, Wirtschaft und Verkehr	gd
Essen, city of	EWG, Essener Wirtschaftsförderungsgesellschaft mbH	ps, ppp
Gelsenkirchen, city of	Amt für Stadtentwicklung, Wirtschafts- und Beschäftigungsförderung	gd
Hagen, city of	Wirtschaftsförderung Hagen GmbH	ps
Hamm, city of	Wirtschaftsförderung Hamm GmbH	ps
Herne, city of	Wirtschaftsförderungsgesellschaft Herne mbH	ps
Mülheim, city of	Mülheim & Business GmbH	ps, ppp
Oberhausen, city of	Entwicklungsgesellschaft Neu-Oberhausen mbH	ps, ppp
Recklinghausen, Kreis	Emscher Lippe Agentur GmbH (for Kreis Recklinghausen plus cities of Gelsenkirchen and Bottrop)	ps, ppp
Unna, Kreis	Dezernat für Arbeit und Soziales	gd
Wesel, Kreis	EntwicklungsAgentur Wirtschaft	gd

**Fig. 6.5:** sub-regional economic development agencies in the Ruhr

(gd = government department, ps = operates like private sector company but is wholly owned by the city or county, ppp = public-private partnership)

Source: County / city www pages and own research results

The following three county / unitary authority economic development agencies were interviewed:

- EWG (Essener Wirtschaftsförderungsgesellschaft mbH, Essen Economic Development Agency)



EWG, a partnership between the City of Essen, Germany's sixth biggest with a population of over 600,000, and the Essen Business Association, have outsourced most of their marketing activities to their wholly-owned subsidiary EMG (Essen Marketing GmbH). Due to a lack of financial resources the EMG leaves most inward investment promotion efforts abroad to the GfW-NRW (see above). EWG has so far only engaged in low-key image-building efforts and relies in its marketing predominantly on personal communication with 'multipliers' such as management and relocation consultants.



- Gesellschaft für Wirtschaftsförderung Duisburg (Duisburg economic development agency)



Duisburg's GfW was founded as Germany's first public-private economic development partnership on a local authority scale. Its partners are the City of Duisburg and predominantly larger companies of Duisburg (Thyssen, Mannesmann, Krupp) in 1988 as a reaction to the rapid decline of heavy industry employment (especially in steel-making) and dwindling tax revenue. Straight after its foundation it ran a two-year image advertising campaign for Duisburg. Other image-building tools used are fair stalls, personal contacts and tours of Duisburg to investors, location service for the film industry, and congresses.

- Emscher-Lippe-Agentur (Emscher-Lippe Agency)



ELA is the joint economic development agency for the northern part of the Ruhr that contains about one fifth of the Ruhr's total population. It covers the county of Recklinghausen and the unitary authorities of Gelsenkirchen and Bottrop. Founded in 1990 as a public-private partnership it is the Ruhr's only sub-regional economic development agency, located on a scale between regional and local authorities. All other cities or counties have individual agencies. The agency has not run any advertising campaigns but works to improve media coverage of the area through highlighting positive trends and projects.

## Private sector initiatives

*Initiativkreis Ruhrgebiet and proRuhrgebiet e.V.*



Both organisations have a joint history. They have been set up by Ruhr companies who, in the early 1980s, felt the need to join forces and complement government efforts of restructuring and, not least, to change perceptions of the Ruhr in other parts of Germany and abroad. Both organisations had joint offices which they separated in 1996.

*Initiativkreis Ruhrgebiet* is run by currently 44 major companies that are based or have significant operations in the Ruhr. Those include Aldi, Boston Consulting Group,

Deutsche Bank, Opel, Siemens, and ThyssenKrupp. One of its missions is the “improvement of the region’s image” (IR 2001: 2). To achieve this, IR is staging high-profile projects rather than general image campaigns:

- Studentship programme: every year some 20 Masters and PhD students from abroad receive a nine-month studentship to undertake research in the Ruhr
- Rowing cup for the Ruhr universities
- Ruhr Piano Festival with internationally acclaimed pianists
- A visiting journalists programme for young journalists from abroad

*ProRuhrgebiet* is an initiative of about 180 SMEs. Compared to IR it is financially much less potent. In an interview the executive director admitted that even though the “improvement of the Ruhr Image within and outside the region” is one of its missions, *proRuhrgebiet* lacks the money to efficiently do so. Its main activities are directed towards the inhabitants of the region. For example, *proRuhrgebiet* awards the yearly ‘Citizen of the Ruhr’ award to an ‘ordinary’ citizen of the region who has contributed to the communal spirit.

#### *IHK (Industrie- und Handelskammern, Chambers of industry and commerce)*

It is the mission of the local IHKs to “foster the common interests of its member companies” (interview with IHK Duisburg). Owing to compulsory membership of all German companies of their local IHK the IHKs represent a very broad membership base, even though not all members are enthusiastic about their chamber. Normally, the IHKs are rarely engaged in direct image-building activities. I interviewed two of the five IHK districts that extend into the Ruhr:

- IHK Essen



As explained above, the IHK districts do not match with the boundaries of the Ruhr. According to IHK Essen, local IHKs decide on an individual basis whether or not they see themselves as part of the Ruhr. In the past, there have been some divisions within the group of the Ruhr IHKs over this question. For example, in

1999 eight IHKs of the Western part of the Ruhr ran a campaign for the “Lower Rhine High Tech Region”, not making any reference to the Ruhr.

- IHK Duisburg



Just like IHK Essen, its Duisburg equivalent is not directly involved in regional image-building efforts. IHK Essen’s activities concentrate on attracting attention through creating a positive location ‘climate’.

*Arbeitgeberverband NRW*  
(NRW employers’ federation)



“The federation calls on the government to ensure an economically-friendly climate. It is crucial to advance Nordrhein-Westfalen as an investment location in the competition of regions. (...) The federation organises frequent exchange of opinions with all relevant groups of society in politics, administration, education, and churches, to make clear fundamental and recent employers’ views.”<sup>2</sup> However, according to a telephone enquiry, Arbeitgeber NRW is not engaged in any conscious image building activities.

## Civil society

*DGB (Deutscher Gewerkschaftsbund, Federation of German Unions)*



The DGB is not undertaking any image building itself, but it is on the advisory board to the KVR and has had its say in the two image campaigns run by the KVR. However, one of the DGB member unions, IGBC (Mining and Chemicals Union) has recently started the “The Ruhr needs coal mining” campaign to influence public opinion in order to sustain government subsidies for coal mining, which would otherwise not be profitable. This campaign is aimed at the Ruhr internally and is unlikely to be noticed by many inward investors.

<sup>2</sup> [www.arbeitgebernrw.de](http://www.arbeitgebernrw.de), accessed 12/06/02, own translation

<sup>2</sup> [www.dgb.de](http://www.dgb.de), accessed 01/12/03, own translation



*Bistum Essen (Essen diocese of the catholic church)*

**Bistum Essen** Founded in 1957 in an attempt to create one single diocese for the whole of the Ruhr, it comprises about two thirds of the Ruhr as defined by the KVR. Bistum Essen is not engaged in any image-building activities. However, the IR (see above) owes its existence to the initiative of Cardinal Hengsbach, a former Bishop of the Diocese of Essen. It was largely due to his reputation, respectability and leadership that Ruhr companies were persuaded to take responsibility for their area's economic well-being and positive image.

Telephone enquiries to the two protestant dioceses revealed that they are not concerned with image building activities.

*Deutsche Gesellschaft für Industriekultur (DGfI, German association for industrial culture)*

Deutsche Gesellschaft für Industriekultur e.V.



The DGfI is a charity made up of individuals committed to preserving the industrial heritage of the Ruhr. They do not undertake any purposefully image-building activities themselves but have had an advisory role in the drafting of the KVR image campaigns, both of which featured the region's industrial heritage. Their argument is that the rich industrial heritage is unique to the Ruhr and a major drawing point, and hence should be used more extensively in any image building effort in the Ruhr.

## **Media**

This section includes the press and advertising / PR agencies. The *WAZ group* is the biggest media group in the Ruhr. The WAZ newspaper strongly associates itself with the Ruhr, branding itself "The newspaper of the Ruhr" (figure 6.6). As its readership is 90% inside the Ruhr I feel that its influence on the image that inward investors have of the Ruhr is rather limited, something which was confirmed by the interview with the chief editor. However, since most of its readers are within the Ruhr the WAZ group has a strong interest in the economic well-being of the area.



Fig. 6.6: Front page of the WAZ www edition, displaying the contours of the Ruhr

Source: [www.waz.de](http://www.waz.de), accessed 12/04/2001

Advertising / PR agency *EuroRSCG* (Düsseldorf) undertook the conceptual work of the KVR's first image campaign "Ein starkes Stück Deutschland" from 1985 to 1995. Agency *FGK Die Zweite* (Düsseldorf) undertook the international part of "Ein starkes Stück Deutschland" which only lasted for two years. *Springer & Jacoby* (Hamburg) developed the creative concept for "Der Pott kocht".

In essence, there are many institutions in the Ruhr that are directly and purposefully engaged in place marketing and investment promotion as two of their aims. The two crucial issues are: Firstly, the organisations do not agree on a common notion of the extent of the Ruhr. It seems to be the case that depending on whether or not they can see an advantage in taking part in a particular project, local governments choose on an individual basis whether or not they want to be considered part of the Ruhr. This approach was further encouraged through the creation of Projekt Ruhr, which only funds specific projects, and which in some areas (including landmark developments or events) competes with or even bypasses the traditional, hierarchical structures of the KVR.

Secondly, compared to other German regions the Ruhr can still be considered 'image-disadvantaged', and thus it is hard to find a sense of regional identity and a communal spirit in the Ruhr institutions. In other words: Nobody wants to be part of the Ruhr, unless there is money in it. The operation of 'centrifugal forces' in local governments at the

edges of the Ruhr was evident throughout the 1980s, when the restructuring problems such as high unemployment and out-migration had reached their peak. Not wanting to be associated with the Ruhr and its unfavourable image was frequently mentioned in the interviews and in the literature (e.g. Blotevogel 2001b, Butzin 1995). The Ruhr is now considered much less of a 'problem case' than it was in the 1980s, but not only for reasons of identity but also out of the more pragmatic reason of having to fight a constant battle against unfavourable perceptions, many local authorities on the edges of the region play down their association with the Ruhr. The quasi-denial of being part of the Ruhr is evident in the investment promotion material of local authorities such as Hamm and Xanten (the latter tries to position itself as a rural idyll), but also of more centrally located cities such as Dortmund. It is debatable whether peripheral areas like Hamm or Xanten should indeed form part of the Ruhr or whether in this case the borders of the Ruhr have been drawn arbitrarily and for administrative convenience, and the lack of fondness for the label "Ruhr" therefore suggests itself. Looking at the historical and functional association of cities like Dortmund with the Ruhr it becomes clear that they have been and still are an integral part of the (ex-)industrial conurbation. It seems that many of those local authorities have given up the uphill battle against negative perceptions and have been trying to shed their association with the Ruhr. This is most obvious in slogans such as Duisburg's "Gateway to the Lower Rhine" or Dortmund's "Heart of Westphalia". In my interviews a number of economic development practitioners admitted that they insist on their own identity and branding, even if this involves a denial of the Ruhr.

It can therefore be expected that there is not just a lack of co-ordination and collaboration in the regional image-management process, but even 'contradictory competition' (competition that leads to contradictory representations). While in North East England there is scope for competition under the umbrella of a common brand, the common brand is not supported by many of the Ruhr's local authorities. They are in the strange position that they, on one hand, support the KVR's campaigns (at least financially and with lip-service) but on the other hand produce their own publicity material that undermines the building of a coherent image for the Ruhr as a whole. The half-hearted support of the KVR's image management efforts could stem from KVR membership being *compulsory*




for all Ruhr local governments. The biggest reform of the KVR since 1979 will come into effect in October 2004. While compulsory membership is set continue for the foreseeable future it no longer seems unthinkable that at some point in the future it will be abolished. It remains to be seen how much of an image management effort on a *regional* scale would remain in this scenario.

### 6.3.2. North East England

In contrast to the Ruhr the boundaries of North East England have been clearly laid out with the establishment of Government Offices for the Regions in 1994 (Bogdanor 2001: 268f.). However, some organisations are still in the process of reorganising their territorial structure to match the North East's boundaries, and the legacy of the 'Northern Region' of pre-1996 Government planning is still visible. For example, Northern Arts has restructured its boundaries in 2002 so that it now no longer includes Cumbria, and it was not before 2001 that an umbrella organisation for social and voluntary groups had been formed within the boundaries of the North East.

#### State institutions and institutions with a state mandate

*National level: UK Trade & Investment (formerly Invest UK and Invest in Britain Bureau)*

 Invest UK, a central government agency, changed its name to UK Trade & Investment in July 2003. According to its former chief executive "it both leads the marketing of the UK overseas, and co-ordinates the activities of UK development agencies at home" (Fraser 1999: 17). UK Trade & Investment does perceive any need for advertising or image campaigns as "the UK's unique competitive position in Europe ensures it is on (almost) every company's consideration list. Overt 'lead generation' activity is therefore relatively limited, although specific markets and sectors are targeted on a highly selective basis" (ibid: 17). Fraser (1999: 23) also makes reference to the difficulty of co-ordination of a joint marketing effort between RDAs and the national body, UK Trade & Investment: "Given the inevitable tensions inherent in managing any programme

requiring both cooperation and competition, some may imagine this creates difficulties. Some would be right! However, the tensions managed by the IBB [the pre-2000 name of Trade & Investment UK] are no different from those shared by other development agencies, including regional agencies within the UK who face pressures to 'share' investments equitably."

UK T&I's limited image-building efforts are aimed exclusively at foreign markets and undertaken for the UK as a whole. While it aims to project an image for the whole of the UK it does not directly co-ordinate regional image-building effort to result in one, coherent target image for the UK. However, UK T&I does have an indirect influence on the image of the North East as projected by One North East, one of the two leading agencies in the drive for a regional image strategy for the North East. Up to 2001, One North East had been receiving an annual grant-in-aid from UK T&I earmarked for investment promotion, including image management. While this grant is now no longer separate but included in a single 'pot' together with other streams of central government funding, One North East's inward investment promotion plan (including image-building) still has to be agreed by UK T&I. In this way, the central government's inward investment promotion agency still retains a certain influence on regional image management efforts, but this control is characterised by negotiation and bargaining rather than hierarchy. This process is rather complex and involves three parties, as the funding stream passes through the central government executive in the region, the Government Office for the North East (GO-NE). GO-NE's Head of Industrial Support, Inward Investment and Technology pointed out in an interview with me that UK T&I and GO-NE have a veto on One North East's inward investment promotion strategy and therefore have some degree of control over the image strategy.

*Regional level: One North East (Regional Development Agency)*



Regional development agencies (RDAs) were set up in all English regions in 1998/1999. One North East's regional economic strategy (RES, ONE 2002a) contains the aim of improving the region's image in order to aid economic development. Together with the North East Assembly, One North East has been the main driving force behind the formulation of a regional image strategy. ONE is



funded by central government and reports to both central government and the North East Assembly.

#### *North East Assembly*

“The North East Assembly was established in 1999 by the Government as part of its commitment to strengthening policy in the English regions. It came into operation in April 1999 at the same time as the Regional Development Agency One North East.”<sup>3</sup> The Assembly is funded by subscriptions from local authority members, together with Government funding to carry out its responsibilities under the central government’s “Strengthening Regional Accountability” initiative. Its members are appointed from local councils and other ‘stakeholder groups’ rather than elected (Robinson et al. 2000). The Assembly has been one of the two key drivers of the Regional Image Strategy until 2002 but seems to have withdrawn its formal involvement since then, leaving One North East as the sole lead agency.

#### *Association of North East Councils (ANEC)*

ANEC, the association of all 25 North East local governments, has lost influence after the establishment of the North East Assembly, to which many of its functions were transferred. ANEC is funded by and reports to central government. It does not undertake any image-building efforts geared towards investors. Its main remit is to lobby for local government interest with the central government. Chair of ANEC is Bob Gibson, leader of Stockton-on-Tees Borough Council. ANEC’s web pages state, under the heading of ‘Economic Development’, that “the Association influences what is happening in the region, through its working relationship with the Regional Development Agency, One North East and the Government Office for the North East. The Association has made a positive contribution to the consultation on the Regional Economic Strategy and in reviewing it (sic.) progress in key areas.”<sup>4</sup>

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<sup>3</sup> [www.northeastassembly.gov.uk](http://www.northeastassembly.gov.uk), accessed 02/12/03

<sup>4</sup> [www.northeastcouncils.gov.uk](http://www.northeastcouncils.gov.uk), accessed 10/05/04

### *Government Office for the North East (GO-NE)*



GO-NE is the central government presence in the region. Its objectives are to co-ordinate the Government's sectoral policies and to manage the Government's relationship with regional partners. It sponsors and supervises the Regional Development Agency One North East. GO-NE itself is not directly engaged in image building activities but does promote partnership between regional actors, especially with regard to EU funding. It has an indirect influence on regional image-building processes through the allocation of government funding and through its role as an intermediary between UK Trade & Investment and One North East.

### *Northumbria Tourist Board*

In April 2003 the regional development agency One North East assumed responsibility for tourism promotion and hence ONE is in a better position to co-ordinate the image-building activities geared to tourists. However, this dissertation is concerned with the target group of inward investors only and therefore omits tourism promotion.

### *Sub-regional or local level: county / unitary authority economic development agencies*

Apart from Newcastle and Gateshead (see below), the place promotion and image building efforts of local authorities are rather low-key. The vast majority of this work is undertaken by the three sub-regional economic development agencies CDDC, TVDC, and TWeDCo, and by a department within Northumberland County Council.

- Newcastle-Gateshead Initiative (NGI)



The Newcastle Gateshead Initiative, formerly the Newcastle Initiative, is a destination marketing agency for Newcastle and Gateshead. As part of its focus on the attraction of visitors it tries to improve overall perceptions of the area. There are four main working areas of the Initiative:

- "Improving the general image and perception of the area
- Proposing the Newcastle and Gateshead bid for European Capital of Culture.

- Observation of the visitor market and consideration of how the Initiative can increase visits to the region and spending on the 'Urban Tourism' product
- Development of a high profile media strategy to support these objectives.”<sup>5</sup>

NGI is funded by Newcastle and Gateshead Councils as well as private sector stakeholders.

- County Durham Development Company



CDDC operates according to private-sector mechanisms but is wholly owned by Durham County Council. Established in 1987 it is the inward investment and local business support arm of the Council. CDDC does not run any advertising image campaigns but focuses on attracting attention through bringing high-profile sports events to the County. CDDC is fully funded by and reports to the County Council.

- Tees Valley Development Company



TEES VALLEY  
DEVELOPMENT COMPANY

Tees Valley Development Company (TVDC) is the inward investment promotion agency of the five unitary authorities in Tees Valley (Middlesbrough, Darlington, Stockton-on-Tees, Redcar and Cleveland, and Hartlepool), to which it reports and by which it is funded. TVDC was set up in 1996 to continue a joint marketing effort following the abolishment of Cleveland County Council which covered the area of the five unitary authorities. TVDC does not undertake any general image-building activities but relies in its image efforts exclusively on direct marketing. It markets Tees Valley within Britain only and leaves international marketing to One North East and UK Trade & Invest.

- Tyne and Wear Development Company (TWeDCo)



TWeDCo is the economic development agency of the five unitary authorities of the former county of Tyne and Wear, Newcastle, Gateshead, North Tyneside, South Tyneside and Sunderland. It was

<sup>5</sup> [www.onenortheast.co.uk](http://www.onenortheast.co.uk), accessed 01/12/03



set up in 1996 to act in place of the abolished Tyne & Wear County Council as an economic development unit. It is wholly owned by and reports to those unitary authorities. While TWeDCo undertakes image advertising only to a very limited degree its publications are clearly characterised by the desire to improve the perception of Tyne and Wear.

- Northumberland County Council



Northumberland is the only one of the four sub-regions not to have a separate economic development agency. The council has a "Business Centre" division which, due to its restricted budget, is not engaged in any purposeful image-building activities. It nevertheless provides brochures for interested inward investors and maintains direct relationships with them.

### **Private sector initiatives**

#### *North East Chamber of Commerce*

The North East Chamber of Commerce is a business association owned by its members. It exists to give advice and support to its members and to advocate business interests to government in the general policy-making process. It has a membership of 5,000 and is the biggest chamber of commerce in the United Kingdom.

#### *Confederation of British Industry (CBI)*



According to its www pages image management is not a major concern for neither the CBI nor its regional office in the North East.

### **Civil society**

#### *Trade Union Congress (TUC)*

Telephone enquiries revealed that, unlike its German equivalent the TUC is not involved in the North East's image building efforts.

### *Churches*

The Church of England plays a role in so far as the then Bishop of Durham, Michael Turnbull, was a leading figure in bringing diverse organisations together to discuss an image strategy.

### **Media**

Like British media in general, the *press in the North East* is fragmented and dominated by (inter)national corporations. The regional newspapers with the highest circulation are The Northern Echo, The Journal, and the Sunderland Echo.

*Gentle Persuasion*, a PR agency, was involved in drawing up the first attempt of the North East regional image strategy. It was commissioned by One North East in October 2000 to develop a concept for a publicity campaign for the North East, including an advertising campaign. The collaboration ended in 2002 when One North East decided to interrupt the formulation of the image strategy. Gentle Persuasion undertook market research into existing perceptions of the North East both in Britain and in selected countries abroad, organised stakeholder consultation events and developed the short-lived advertising campaign called "Here.Now." *Yellow M* is a media design and production company that undertook the artwork for the "Here.Now." campaign. Yellow M went bankrupt in early 2002 before I got the chance to interview them. Otherwise, very little information on the company is available.

## **6.4. Involvement of organisations in image-building and -management**

The first central feature of governance, an increase in the number of organisations involved in policy making, is apparent in both case study areas. Figures 6.7 and 6.8 list the organisations most relevant to image-building in both case study areas. Six out of the 17 organisations listed for the North East have only been created over the last couple of years, most notably organisations on the regional level such as the RDA One North East and the North East Assembly (both founded in 1998/99). Newcastle-Gateshead Initiative

Scale level	Organisation	Mediated activities						Direct activities		Image category
		advertising	Brochures	Videos	Internet	CD-Roms	newsletters	open days/ invest tours	Seminars/ personal contacts	
Na-tional	UK Trade & Investment	✓✓	✓✓	✓	✓✓	✓	✓✓	✓✓	✓✓	Managing
	CBI	x	✓	x	✓	✓	✓✓	✓	✓✓	Making
	TUC	x	✓	x	✓	x	✓	✓	✓	Making
Regional	GO-NE	x	✓	x	✓	x	x	✓	✓	Making
	One North East	✓✓ (planned)	✓✓	x	✓✓	✓	✓	✓	✓	Managing
	North East Assembly	✓✓ (planned)	✓	x	✓	x	x	x	✓	Managing
	Assoc. of NE Councils	x	x	x	✓	x	x	x	?	Making
	North-East Chamber of Commerce	x	✓	?	✓	x	✓	✓	✓✓	Building
Sub-regional (county)	County Durham Development Company	✓	✓✓	x	✓	✓	✓	✓	✓	Building
	Tyne & Wear Development Company	✓	✓	x	✓✓	✓	✓	✓	✓	Building
	Tees Valley Development Company	x	✓	x	✓	x	✓✓	✓	✓✓	Building
	Northumberland County Council	x	✓	x	✓	x	x	x	✓	Making
Inter-local authority	Newcastle-Gateshead Initiative	✓✓	✓✓	?	✓✓	✓	✓	x	x	Managing
Local authorities	Example: Gateshead	✓	✓	x	✓	✓	✓	x	✓	Building
	Wear Valley	x	✓	✓	x	x	x	x	✓	Making
	Redcar & Cleveland	x	✓	?	✓		x	✓	✓	Making
Edu-cation.	Example: University of Durham	✓	✓✓	x	✓✓	x	✓	✓✓	✓✓	Building

**Fig. 6.7:** promotional activities (image-building activities) of organisations in the **NORTH EAST**.

Key: Intensity of image building activities	✓✓ = strong, ✓ = somewhat x = not undertaken (or only very marginally)					
	<table> <tr> <td>Sectoral composition of organisations</td><td>Government (from national to local)</td><td>Private sector companies and initiatives</td><td>Civil sector organisations and initiatives</td></tr> </table>			Sectoral composition of organisations	Government (from national to local)	Private sector companies and initiatives
Sectoral composition of organisations	Government (from national to local)	Private sector companies and initiatives	Civil sector organisations and initiatives			

Source: own interviews, personal communication with agencies, agency brochures, web pages, secondary literature



Scale level	Organisation	Mediated activities						Direct activities		Image category
		advertising	Brochures	Videos	Internet	CD-Roms	newsletters	Seminars/ open days/ investor tours	Personal contacts	
National	BfAI	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓✓	Managing
State	GFV NRW	✓	✓✓	✓	✓✓	✓	✓	✓✓	✓✓	Managing
	DGB/IGBCE	✓	✓	x	✓	x	✓✓	x	✓	Making
	Arbeitgeberverband NRW	x	✓	x	✓	x	x	x	x	Marginal
Regional	KVR	✓✓	✓✓	✓	✓✓	✓✓	✓✓	x	✓	Managing
	Projekt Ruhr	x	✓	✓	✓✓	✓	✓✓	x	✓	Building
	Bezirk Düsseldorf	x	✓	x	✓	x	x	✓	✓	Building
	Bezirk Münster	x	✓	x	✓	x	x	✓	✓	Building
	Bezirk Arnsberg	x	x	x	✓	x	x	x	?	Marginal
	Initiativkreis Ruhrgebiet (IR)	✓	✓✓	✓	✓✓	✓	✓	x	✓✓	Building
	ProRuhrgebiet e.V.	x	✓	x	✓	x	x	x	✓✓	Making
	Dt. Gesellschaft für Industriekultur	x	x	x	✓✓	x	✓	x	✓✓	Making
Sub-regional	Examples of City/Kreis economic dev. companies: Wirtschaftsförderung Bochum	✓	✓	x	✓	✓	x	✓	✓	Building
	Gesellschaft für Wirtschaftsförderung Duisburg	✓✓	✓✓	x	✓	✓	✓	✓	✓	Building
	Essener Wirtschaftsförderungs-gesellschaft mbH	✓	✓	x	✓	✓	x	✓	✓	Building
	Example for local ppp Dortmund-Project	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓	✓✓	Managing
	Examples of sub-regional chambers of commerce: IHK Essen	x	✓	x	✓	x	✓ <sup>1</sup>	✓ <sup>1</sup>	✓	Making
	IHK Duisburg	x	✓	x	✓	x	✓ <sup>1</sup>	✓ <sup>1</sup>	✓	Making
	Church, example: Diocese of Essen	x	✓	x	✓	x	x	x	✓✓	Marginal
Inter-local authority	Emscher-Lippe-Agentur	✓	✓✓	x	✓✓	✓	✓	✓	✓	Building

**Fig. 6.8:** promotional activities (image-building activities) of organisations in the RUHR.

<sup>1</sup> = for its members. Key: see figure 6.7

Source: own interviews, personal communication with agencies, agency brochures, web pages, secondary literature



(re-established in 1999), Tees Valley Development Company (established 1996), Tyne and Wear Development Company (1996) and the North East Chamber of Commerce (1998) are relatively new creations as well. Many of the 'old-established' organisations have undergone substantial reorganisation and often renaming, such as UK Trade & Investment, which has changed its name and organisational structure twice within five years. In addition to formal organisations, a wealth of sub-regional and local partnerships have been established in the years following the creation of the RDA in 1998/99. In the Ruhr the institutional landscape has remained more stable, with the only significant addition being Projekt Ruhr, a Land-controlled organisation promoting project-based collaboration between local governments to support structural change. I will return later to the question of whether this creation translates into a greater degree of control by the Land government over image management.

Part of the reason for the increase in the number of organisations lies in the fact that image improvement is undertaken for several target groups, the most prominent of which is tourists. Accordingly, while tourism organisations such as the Northumbria Tourist Board or Ruhr Tourismus, the tourism promotion organisations of North East England and the Ruhr, may cover and promote the whole of the region they are not purposefully involved in inward investment promotion, even though their advertising campaigns certainly have an influence on how the regions are perceived and may aid in promoting the quality of life aspect in inward investment promotion.

As outlined in figures 6.7 and 6.8 a plethora of organisations contribute to the *formation* of representations of both the Ruhr and North East England. Their number decreases somewhat if only those organisations are taken into account that contribute to *building* the image of the area, that is those organisations that are trying to purposefully manipulate the region's image in order to improve its attractiveness to inward investors. This group mainly comprises economic development or marketing agencies on the regional scale. This number is further reduced when looking at the image *management* of the regions, as it becomes apparent that many organisations on the sub-regional and local scale do not take part in co-ordinated *regional* image management but have the remit of

only improving the image of 'their' area. This is more prominent in the Ruhr than in North East England. In the former region many local/sub-regional organisations charged with inward investment promotion are either *unaware* of regional image building efforts or *unwilling* to collaborate. In the North East, awareness and co-ordination seem to be somewhat more developed. This will be one of the central themes of the next section.

### **6.5. Complexity, partnership and hollowing-out**

The central argument of this section is that one part of the explanation of the differences in image management between North East England and the Ruhr lies in different processes of policy making within different institutional setups and modes of co-ordination. While the Ruhr is still dominated by hierarchy (albeit decreasing) the North East is characterised by partnerships and networking. An apparent contradiction lies in the fact that the North East's policy making is still very much dominated by central government, but on the other hand image building in this region relies heavily on partnerships and networks. This may have to do simply with the fact that image management is an evolving policy field, but could also have a deeper, structural reason inherent to policy making in general.

Some observers find that what is a state responsibility (the social and economic well-being of a region) is increasingly being taken care of by - often unaccountable - quangos (quasi-autonomous non-governmental organisations) and partnerships, with many functions being sourced out to private firms. Pierre (2000: 4) observes that "what previously were indisputably roles of government are now increasingly seen as more common, generic, societal problems which can be resolved by political institutions but also by other actors".

There is widespread recognition that the role of the state has changed from managerial to entrepreneurial, from 'handing out orders' to negotiation, from intervention to cooperation (Müller 1998: 35ff., for a more general discussion see Hall & Hubbard

1998). This is often attributed to pressure stemming from the increasingly complex environment in which governments of all scales operate, as well as to the globalisation of economic processes such as increasing capital mobility and supranational agreements that reduce the room for manoeuvre of individual governments. Thus in my empirical work I looked at the degree of entrepreneurialism, co-operation and negotiation between actors in the two regions, and what induces or compels them to cooperate and negotiate an image strategy. Do actors have an understanding of *why* the strategy is undertaken? Are they aware of pressures on the region arising from the above-mentioned changes in the environment in which (regional) policy operates?

Most actors involved in the image building of both case study areas have a clear understanding of why such an activity is necessary. Frequent reference is made to the pressures of inter-regional competition, a declining industrial base, high unemployment, and the need to diversify the economy. Many interviewees also thought that an unfavourable image generally presents an obstacle to economic development, even though they could only present anecdotal evidence that the unfavourable image had deterred inward investors in the past. On the other hand, especially at the local government level, some interviewees had a rather vague idea as to why image building was necessary. An economic development officer of a Tyne & Wear local government said, "Hmmm. A tricky one, that. You would think you've got to try and be modern. (...) You just can't look like a former manufacturing or coal mining area, can you?" Hence, in part it seems to be a normative discourse of entrepreneurialism that induces local governments to engage in inward investment promotion without really being clear about their motivations and objectives.

These changes in governance have been accompanied by an increased emphasis on social learning and policy learning. Because of this central importance an individual chapter is devoted to issues of policy learning and transfer, and learning in networks (chapter 7).

Robinson and Shaw (2001) and Robinson et al. (2000) have criticised fragmented governance and a lack of accountability: partnerships are being formed, altered and

dissolved with a speed that makes it hard to follow. They claim that even policy makers get confused, and that for the onlooker it is almost impossible to find out who is in control and who is responsible for initiatives delivered through partnerships<sup>6</sup>. During empirical research I certainly encountered this problem in both case study areas. I find therefore the contention of 'self-regulating' networks unsurprising as it is indeed hard to work out the basic properties of each partnership, such as *raison d'être*, authority, structure and controlling power. I therefore wanted to find out whether or not the actors involved in the regional image effort do comprehend the plethora of initiatives and partnerships, and how they operate.

There was some evidence in North East England but none in the Ruhr that the incalculability of the organisational and institutional landscape deters actors from taking part in the image management effort. The institutional landscape of the Ruhr both comprises fewer actors and is laid out more clearly, with more rigidly defined areas of responsibility (with regard to both scale and policy areas) between organisations. In the North East, especially civil servants at the local government level and business sector participants complained about the 'jungle' of institutions and were often unclear about how image building and inward investment promotion were co-ordinated on the regional level. This finding could be explained by two facts: Firstly, the system of regional governance is only emerging in the English regions and changes invariably are frequent and sometimes profound. Secondly, there seems to be no clear allocation of responsibility for policy areas to particular organisations<sup>7</sup>. In contrast, the system of regional governance has been fairly stable for three decades in the Ruhr, where Projekt Ruhr is the first new regional body formed since the late 1970s. In the Ruhr, the distribution of

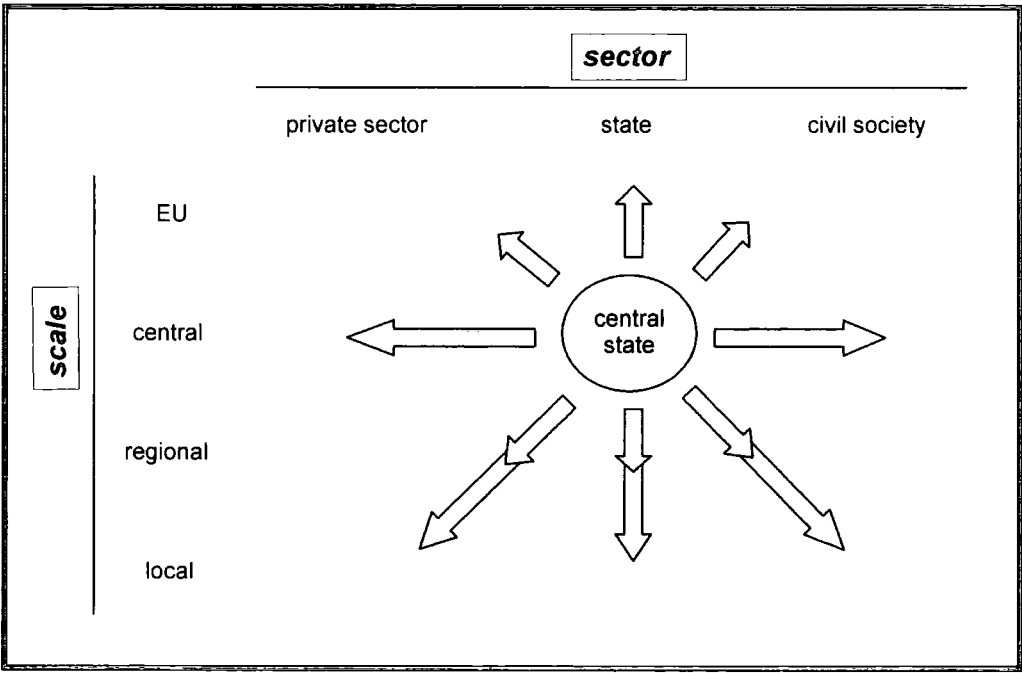
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<sup>6</sup> Indeed, some authors argue that there is little evidenced of *any* regulation (for a comprehensive critique see Messner 1997, esp. chapter 3). While this view may seem extreme it does raise important questions as to whether the state is still in control of the design and delivery of policies that are in the public interest and hence the responsibility of the state. And there can be little doubt that economic development policy ultimately is the responsibility of the state, by whichever *means* governments are pursuing development.

<sup>7</sup> This is illustrated by the policy field of image building, which cuts across several other policy domains, including some that are *not* under the control of the Regional Development Agencies (for example, small business support and skills and education). Furthermore, the policy areas that regional organisations feel responsible for might change over time. The Regional Image Strategy was initially the brainchild of *both* One North East and the Regional Assembly, but the latter pulled out two years into the process, leaving One North East as the sole lead agency.

responsibilities is less a matter of negotiation and evolution but more of constitutional allocation where governments on different scales know and can insist on their rights and responsibilities (this theme has been covered in more detail in chapter 4, Regional Case Studies).

Many commentators have perceived a ‘hollowing out’ of the state, losing power to sub-national and supra-national bodies. Rhodes’ (1997) findings suggest that the increasing influence of the EU and other supranational organisations on economic and political processes in its member states lessens the autonomy of nation states to govern. The new ‘differentiated policy’ is characterised by what Rhodes (1997) calls a ‘hollowing-out of the state’, but the term ‘hollowing-out of the central state’ seems more appropriate as, according to this model, central government loses power upwards to the European Union, downwards to local and regional governments and outwards to special purpose bodies (also known as ‘quangos’) and agencies (see figure 6.9).



**Fig 6.9:** The ‘hollowing-out’ of the state

As far as central-regional relations are concerned, in its move from regulation to partnership the state is seen as merely a ‘strategic enabler’ (Raco 1999). But Gibbs et al.

(2001) view this process not as a hollowing-out of the state, but rather as a change in the *way* state influence is exerted because, as they have found in their Humberside case study, it is often the state that dominates partnerships. What is more, while there is local variation, local governance depends on the frameworks set by the nation state and, increasingly, the EU. Gibbs et al. (2001: 106) view this as “central localism, that is, where central government determines the ‘rules of the game’ for local actors, albeit that these may in turn be reinterpreted in different local contexts.” This insight provides a strong incentive for an international comparative study of different regions, examining the influence of national and EU policies. *Why* are rules being reinterpreted in different ways, and *who* interprets in which ways? Thus I will try and explain the extent of and reasons for regional variation. Connected to this is the question whether EU regional policy has realised the importance of image management and whether it provides any form of assistance or exerts any other influence on this matter.

As explained in chapter 4 (‘Regional Case Studies’) central-local relations in North-East England and the Ruhr are fundamentally different. Whilst devolution in England could be seen as a handing down of power from the central to the regional level of government there is strong evidence that despite all government efforts to get regional stakeholders involved the institutional arrangements for image improvement is still very much dominated by the central state. As briefly alluded to previously, most key drivers of the North East image campaign are controlled ‘at arms length’ by Government. For example, One North East’s board consists of a wide range of stakeholders including private businesses, local government, education, trade unions, community and voluntary organisations, environmental groups and rural associations, but its members are appointed by central government departments (Robinson et al. 2000: 53f.); at first by the Department of Environment, Transport and the Regions (DETR), now by the Office of the Deputy Prime Minister (ODPM). In addition to the ultimate approval of One North East’s leadership the Government exerts financial control over it as its exclusive funding body. One North East’s inward investment policy has to be approved not only by the Government Office for the North East (GO-NE) but also by UK Trade & Investment, another Government body. A senior GO-NE official confirmed that Government

ultimately controls the regional inward investment strategy and hence, to a large degree, image management:

“One North East pull together every year an inward investment plan. They have to discuss that with me and gain my agreement that it’s sensible for this region. I look at the sectors that they’re targeting, I’ll see how I think it fits with their economic strategy, consider how I think it fits with the *national* policy. I then send that to InvestUK<sup>8</sup> in London (...) to look at it to see if One North East are proposing to cut across something which *they* want to do. And they then agree the plan. (...) One [North East] can’t do things to conflict with Government policy because it’s Government that gives them the money.”

In addition to these indirect ways of exerting influence on One North East, central government has direct powers of control as set out in the Regional Development Agencies Act of 1998 (Painter 2002: 122), which states that “the Secretary of State may give a regional development agency guidance and directions in relation to the exercise of its functions”, in particular with respect to the Regional Economic Strategy (RES), the blueprint for action for each RDA. In practice, however, the responsibility of a regional economic *strategy* has been largely placed into the hands of the RDA, but many *delivery* agencies that do (or should) play a role in the effective *implementation* of image management still directly report to Government. A One North East senior official complained that many delivery mechanisms were not under RDA control:

“One North East does not control the LSC [Learning and Skills Councils]. They have a *national* agenda and *national* targets, are driven *centrally* and currently have no mechanism for regionalising its agenda. English Business Links is a franchise that is run from a central body called Small Business Service. Both organisations are not under our control. Can you actually do economic development without controlling the business support mechanisms and the skills agenda? Until that gets sorted out we won’t have the policy mechanisms in place to really harness all the delivery mechanisms in the region.”

The situation in the Ruhr is different in that the main driver of previous and current image management efforts, the KVR (Ruhr Local Government Association) is not set up as an economic development agency. Rather, it has a limited area of responsibility of providing

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<sup>8</sup> Now UK Trade & Investment



specific services on behalf of its members and some responsibilities for the Ruhr as a whole, including public relations. The KVR is controlled and funded by local government. However, the Land government has recently (in 2000) set up a 'rival organisation' with similar merits, Projekt Ruhr. In the formal Objective 2 bidding and implementation process this agency effectively bypasses the KVR. Altogether, there is little evidence for a hollowing-out of the nation state from *below* in North-East England or the Ruhr.

Examining a possible hollowing-out from *above*, the European Commission's Regional Development Fund does not specify image management as a tool of economic development. A senior Commission official remarked that

"perhaps we have to ask ourselves whether we should adopt a more systematic approach to image development as a point in its own right. Presently we only support such an initiative if it is put forward by the region, if they said, we have a huge image problem and we want to turn it around. (...) However, image is not a point that we would suggest ourselves."

Accordingly, the EU's regional policy guidelines are very non-prescriptive in this regard. The North East of England Objective 2 Programme 2000-2006 of the European Regional Development Fund (ERDF) does not mention the project of an image strategy as a tool of economic development. However, on two occasions it makes reference to the possible image benefits from improving the physical appearance of the region, for example through cleaning up the Durham coast from industrial waste (GO-NE 2001a: 85) and through the regeneration of derelict land (GO-NE 2001a: 86, GO-NE 2001b: 145, GO-NE 2001c: 112, 163). The tourism section of the document identifies image improvement as a further strategic development opportunity (GO-NE 2001b: 90). None of the documents, however, contain any reference to image improvement as a tool of inward investment promotion. The EU Commission's priority seems to be the improvement of the image of its own projects, most notably those of the ERDF, which requires that all projects include a publicity plan "to increase understanding and awareness amongst all publics, by providing tangible images of the results of Structural Funds" (GO-NE 2001c: 191).

The North Rhine-Westphalia Objective 2 Programme 2000-2006 does acknowledge the unfavourable image of parts of the Land, including the Ruhr (Land NRW 2000a: 34). Part C of the document (overview of measures) explicitly mentions the necessity of image improvement as part of efforts to encourage tourism and culture (Land NRW 2000b). The programme complement outlines a number of criteria against which the eligibility of funding is determined (Land NRW 2000c: 54, 74). Again, improvement of the region's image is mentioned here as one of many criteria, but as in the rest of the set of documents no reference is made to image improvement in connection with general economic development or inward investment promotion in particular. As pointed out by a senior ERDF official the main reason for this is that image improvement is an objective that sits oddly with the ERDF's drive to establish and monitor performance targets. Image improvement, admittedly, is hard to quantify.

It is important, however, not to underestimate the influence of the ERDF. A recurring theme in the interviews was that the ERDF effectively encouraged the delimitation of regions and forced regional stakeholders to form partnerships for the bidding for funds and the implementation of its programmes.

In summary it can be said that the respective central states have not seen a significant change of their degree of control over the regions' promotional and image building effort. The degree of control has remained very high in England and very low in Germany. What has changed significantly, however, is the way this power is being exerted. In North East England hierarchy has to a large degree been replaced by networks and negotiation, and the Ruhr is moving the same way, even if the change is much less pronounced and hierarchy is still dominant.

## **6.6. Governance and networks**

As outlined in the previous section there is little evidence that the central state is loosening its grip on economic development in general and image building in particular. However, this finding conceals important changes in the *way* this power is *exerted*. This

section first outlines central concepts of the literature on governance and networks, especially Rhodes' ideas, and subsequently links them to the empirical evidence gathered in the two case study regions.

Rhodes' (1997: 8) starting point is to "counter the image of the directive, all-pervasive, unitary centre with that of a differentiated polity characterized by a maze of institutions: the 'centreless society.'" It is no longer central government (in the British literature this is usually referred to as 'Government' with a capital G) alone who controls policies. Over the last decades, two processes have been at work at the same time: Firstly, hierarchy has often been replaced by networks of stakeholders. These partnerships draw in private sector companies and the civil society (interest/pressure groups) into policy delivery and, to a lesser extent, policy making. Secondly, Government has lost some of its powers to local, regional and supra-national levels of government. As a consequence of both processes, "there is not one but many centres linking many levels of government." (Rhodes 1997: 3). Rhodes (1997: 7) calls this the transition from the unitary state of the Westminster model to a differentiated polity, which is "characterised by functional and institutional specialization and the fragmentation of policies and politics."

There is widespread recognition that for these 'new' fragmented policies and politics to function there need to be linking elements, a way of connecting stakeholders. This function is usually ascribed to policy networks, but there is some confusion over the meaning and usage of this term. In the literature it is often used to describe the most integrated and durable network between interest groups and government (as opposed to issue networks, which are only lightly integrated, and unstable). In the majority of publications, however, 'policy network' is used as a generic term for all types of government-interest groups networks, and I will adopt this definition here.

Rhodes (1997) sees the concept of policy networks as an alternative to both pluralism and corporatism. However, he also admits that this distinction is not clear-cut, with the corporatist model essentially being a sub-type of policy networks, "a tight policy community composed of the state and the interest groups representing capital and labour"

(Rhodes 1997: 32). Rhodes' (1981 and 1997: 39) typology of policy networks is based on two dimensions, integration (broken down into membership, stability and inclusiveness) and interest (which interest dominates the network, be it professional interest, economic interest, or government). Along these two dimensions Rhodes distinguishes between policy (or territorial) communities, professional networks, intergovernmental networks, producer networks, and issue networks. This list is in descending order of the first criterion. Policy (or territorial) communities are most closely integrated, have a highly restrictive membership and have an overall high stability of relationships. However, Rhodes does not define what he means by "stability of relationships" nor does he explain what vertical as opposed to horizontal interdependence mean.

As far as the dominant interest in networks is concerned, Rhodes (1997) assigns supremacy to government because of its "legitimate monopoly of coercive power" and its ability to "set the parameters to network actions" (Rhodes 1997: 12), insisting that professional and economic interests can have varying degrees of participation but can never be dominant. However, Peterson (1995) argues that professional and economic interests are still crucial for the existence of a policy network and therefore bear considerable weight. Even if government "has an interest in a policy sector [and] the resources to effect an outcome" it still needs "*other* resources to pursue its policy objectives." (Peterson 1995: 402, original emphasis). In other words, government finds itself in "a persistent tension between the wish for authoritative action and dependence on the compliance and actions of others" (Rhodes 1997: 15).

Wilks and Wright (as quoted in Rhodes 1997: 40-43) use the same two dimensions in their typology of policy networks. However, in contrast to Rhodes their model emphasises interpersonal rather than structural (i.e. inter-organisational) relations in each policy network, which renders this model less useful for my analysis.

The Marsh and Rhodes typology (1992) builds on the Rhodes model and identifies further dimensions according to which policy networks can be classified: membership, interdependence (vertical vs horizontal, resources, and the dominating interest. Using the

opposing ends of the spectrum, policy communities and issue networks, the typology clarifies the markedness of the dimensions (see figure 6.10).

Dimension	Policy community	Issue network
<b>Membership</b>		
Number of participants	Very limited number, some groups consciously excluded	Large
Type of interest	Economic and/or professional interests dominate	Encompasses range of affected interests
<b>Integration</b>		
Frequency of interaction	Frequent, high-quality interaction of all groups on all matters related to policy issue	Contacts fluctuate in frequency and intensity
Continuity	Membership, values and outcomes persistent over time	Access fluctuates significantly
Consensus	All participants share basic values and accept the legitimacy of the outcome	A measure of agreement exists, but conflict is ever-present
<b>Resources</b>		
Distribution of resources within network	All participants have resources; basic relationship is an exchange relationship	Some participants may have resources, but they are limited. Basic relationship is consultative
Distribution of resources within participating organisations	Hierarchical. Leaders can deliver members	Varied and variable distribution and capacity to regulate members
<b>Power</b>		
	Balance of power among members. Although one group may dominate, it must be a positive-sum game if community is to persist.	Unequal powers, reflecting unequal resources and unequal access. Zero-sum game.

**Fig. 6.10:** The "Marsh-Rhodes" typology, a comparison of the two ends of the network continuum: policy networks versus issue networks

Source: adapted and modified from Marsh and Rhodes (1992), Rhodes (1997)

It is obvious from the 'Marsh-Rhodes typology' that the main weakness of models of this kind lies in the fact that the divisions between the categories are arbitrary. Rhodes' (1997) division into five types of policy networks is rather confusing and stands little

chance of being applied in empirical research. Thus, the merit of Rhodes' and Rhodes and March's typology lies in its identification of dimensions rather than in its theoretical organization or applicability. However, I will try and use the above-mentioned dimensions to characterise the networks around the issue of image management in the two case study areas.

The design and delivery of image policy in the North East is clearly characterised by a network approach. In the Ruhr, the policy-making process of image management has been a hybrid of hierarchies and networks. The hierarchical element consists of the KVR (Ruhr local government association) that draws in not only the state but also employers, unions, and some members of the general public. The KVR comprises the 'Ruhr parliament', the *Verbandsversammlung*, that votes on all projects initiated by one of its member parties. This organ consists of representatives sent by the member local governments, who together elect a number of representatives of employers and unions as well as 'lay members'. Lay members usually represent an interest group concerned with issues like environmental protection, integration of foreigners, or voluntary social services. The elected members together hold about ten per cent of the total seats. All members have one vote, and through this system the views of "all relevant forces of society" (WAZ 2003a, own translation) are represented. In this sense, the KVR already reaches out to the private sector and civil society, but a great deal of participation goes on outside this formalised system. Some of the main players such as the *Initiativkreis Ruhrgebiet* (IR) are consulted informally owing to their economic or political power.

Figure 6.11 outlines the main differences between the two case studies. Firstly, in the Ruhr, the network has relatively few participants, mainly in the form of organised interests, e.g. business associations. In the North East most of the participants in the image strategy consultations were individual companies and therefore relations in the North East are more individualised. Secondly, most of the networking activities in the Ruhr are contained in the formalised consultation and decision-making routines of the KVR, whereas the North East lacks such a policy-making routine. As a result, the network in the North East is more accessible, yet less stable.

Dimension	North East England	The Ruhr
<b>Membership</b>		
Number of participants	Aim: large membership. Practice: limited	Comprehensive membership, but limited access
Type of interest	Economic interests dominate	Political interests dominate
<b>Integration</b>		
Frequency of interaction	Contacts fluctuate in frequency and intensity	Frequent, high-quality interaction of most groups on most matters related to policy issue
Continuity	Access fluctuates significantly	Membership, values and outcomes persistent over time
Consensus	A measure of agreement exists, but conflict is ever-present	All participants share basic values and accept the legitimacy of the outcome
<b>Resources</b>		
Distribution of resources within network	Some participants may have resources, but they are limited. Basic relationship is consultative	All participants have resources; basic relationship is an exchange relationship
Distribution of resources within participating organisations	Varied and variable distribution and capacity to regulate members	Partly hierarchical. Leaders can usually deliver members
<b>Power</b>		
	Central and emerging regional state dominant. Private sector and civil society consulted, but no power of decision.	Regional state dominant. Guaranteed powers of consultation and co-decision for private sector and civil society.

**Fig. 6.11:** Key dimensions of image building policy networks in North East England and the Ruhr

The access in the Ruhr is more strictly defined, and little effort was made to draw in stakeholders' views other than of those already represented in the KVR. Thirdly, the dominant interest in the North East is economic, as demonstrated by the fact that the Regional Image Strategy (RIS) has been developed out of and claims to be rooted in the Regional Economic Strategy (RES). Furthermore, the orientation of one of the two dominant organisations, the RDA One North East, is clearly economic in scope, and it has limited control over policy issues other than economic policy. In contrast, the remit of



the Ruhr's KVR is both narrower (in that it has a very limited influence on economic policy) and wider (even though critics say not very well-defined) in the sense that it includes a number of non-economic responsibilities as well, such as green belt planning, planning for leisure and recreation facilities, public relations, geodetic and cartographic services, infrastructure provision and waste disposal (Petz 1995: 49).

In summary, image management policy in the Ruhr can be characterised as a policy community, as it takes place almost exclusively within boundaries and structures of the KVR. In contrast, the North East's efforts to establish a regional image strategy can be argued to take place in an issue network, as relations are individualised and the policy-making process largely takes places outside of formalised routines.

#### **6.6.1. Interaction of actors in the network**

Despite the criticism raised in the previous section, Rhodes and Marsh's (1992) and Rhodes' (1997) model offers some insight into how interaction between stakeholders in the image building effort might take place. Rhodes argues that in Britain the traditional, strong unitary government has been superseded by governance through these networks. As a result of the above-mentioned processes, he argues, central government now has to rely on the compliance of members of these networks. Government now has "more control over less" as it is "compensated for its loss of hands-on controls by reinforcing its control over resources." (Rhodes 1997: 16). Similarly, Hirst (2000: 20) finds that despite seeking a more negotiated, network approach governments have "increased some dimensions of central control through budgetary constraints, accounting procedures, and forms of inspection." Cameron, Danson and Halkier (2000: 272) see an 'encouragement' of partnership through financial 'carrots': "Local partnerships in Europe are very much led by the public sector under a 'semi-coercive framework' from central government."

Rhodes (1997: 15) claims that "self-organising, interorganisational networks (are) characterised by (..) significant autonomy from the state." Similarly, Kickert (1993) suggests that networks are self-organising, self-governing and autonomous. In Rhodes' (1997: 52) account,

“The control capacity of government is limited for a number of reasons: lack of legitimacy, complexity of policy processes, complexity and multitude of institutions concerned etc. Government is only one of many actors that influence the course of events in a societal system. Government does not have enough power to exert its will on other actors. Other societal institutions are, to a great extent, autonomous. They are not controlled by any single superordinated actor, not even the government. They largely control themselves. Autonomy not only implies freedom, it also implies self-responsibility. Autonomous systems have a much larger degree of freedom of self-governance. Deregulation, government withdrawal and steering at a distance (...) are all notions of less direct government regulation and control, which lead to more autonomy and self-governance for social institutions.”

There is clear evidence from both case study areas that in the case of image management, those networks are not as autonomous as the literature may suggest. As outlined above, the British government is still the ‘supervisor’ and paymaster of the image strategy as currently attempted in the North East. In the Ruhr, the process is very formalised and in firm control of Land and local government agencies. This is in line with Pierre (2000: 2f.) who contradicts Rhodes in stating that policy networks are *complementing* rather than replacing the traditional forms of governing through hierarchies and markets. He argues that “these emerging forms of governance should be seen as alternative expressions of the collective interest which do not replace but supplement the pursuit of collective interests through traditional, institutional channels.” While conceding that “formal authority is being supplemented by an increasing reliance on *informal* authority, e.g. in the shape of negotiated patterns of public-private co-ordination” he maintains that “the emergence of governance should not (...) be taken as proof of the decline of the state but rather of the state’s *ability* to adapt to external changes” (Pierre 2000: 3, my emphasis).

Rhodes sees one of the reasons for the rise of networks in policy-making as a consequence of the fact that British government continues to create agencies, bypass local government, use special-purpose bodies and encourage public-private partnerships (Rhodes 1997: 51). Weir and Hall (1994) estimated that at that time there were 5521 special-purpose bodies, contributing to an increasingly complex maze of institutions. Some interviewees in the North East complained that even if all image building stakeholders could be identified it would be very difficult to reach all of them for consultation and negotiation. The communications director of One North East, who is

responsible for the development of a regional image strategy, reported that the consultation and negotiation process was long and arduous:

"We had to go out to a whole host of forums rather than just one. There wasn't a mechanism there. The nearest mechanism that we had was probably the sub-regional partnerships. They were in existence already and they had quite a few constituent people in it like local authorities, universities. They were quite a meaningful forum for getting *some* of the message out. I had a whole year of doing this. But there was criticism from local authorities saying 'You've spoken to the sub-regional partnerships. That's all very well, those are the chief execs.' But as it turned out some of the chief execs didn't necessarily come back and speak to the officers that were responsible for the hands-on delivery through their own economic development programme, they didn't feel engaged. I've been doing stakeholder consultation that was pretty high up the food chain. And that meant that I had to go back out again and do more of the grassroots consultation. (...) So there *isn't* a forum that exists for an image strategy. The constituency I had to deal with was just too wide."

Similarly, the marketing director of County Durham Development Company noted that

"There isn't a meaningful forum that would allow for consensus (for an image strategy, M.B.). And even if there was, you would probably find it very ineffective, because of the inability to meet the multiple objectives and multiple political requirements that each of the organisations' funding partners strive to meet. (...) One has to accept the fact that there are a number of bodies with their own political directives, their own stakeholder desires and needs to be seen and score goals. (...) Fortunately, there is not a hierarchical structure (in the image management process, M.B.). One North East is not here to control us. They're there to co-ordinate things. But on the other side that makes co-ordination difficult."

He also complained about a lack of leadership of One North East in the image management process:

"One North East has a mission. But for a variety of reasons it doesn't have the budget, it doesn't have the remit in which to take a lead. They *did* once upon a time, with something called the Great North campaign. (...) That was something we all agreed on: the North East needs a positive image. (...) There isn't a *regional* forum for issues such as an image strategy. But that's where ONE North East *should* take a lead." (original emphasis)

Since economic development in general is a much more formalised process in the Ruhr there were no complaints in the interviews about a lack of co-ordination. Consultation and negotiation are much more channelled and institutionalised in the Ruhr, where the KVR's membership and board provide a routine mechanism for region-wide consultation,

including employers, unions and the voluntary sector, on all matters within the remit of the KVR.

Another weakness of self-organising networks and their policies is that they may have little continuity: "There is 'the problem of many hands' where so many (organisations and) people contribute that no one contribution can be identified; and if no one person can be held accountable after the event, then no-one needs to behave responsibly beforehand" (Rhodes 1997: 55). Indeed, the North East image strategy still is not finalised let alone implemented after a period of four years of consultation and drafting, and some interviewees considered the strategy to have failed. The managing director of the advertising agency commissioned with a first creative concept for a North East image campaign remarked "I'm afraid to say the Regional Image Campaign simply didn't go anywhere. (...) The momentum disappeared." (pers. comm. 13/10/2003). This might be due to the missing organisational routines at One North East and due to the fact that in the North East image management is a presently *evolving* policy field where it is not totally clear which of the 'many hands' ultimately is responsible for driving the strategy. Thus it seems that the driving-forward of the image campaign was highly depended on individuals taking the initiative (this issue will be examined in chapter 7, Leadership). In contrast, the Ruhr strategy was planned by the KVR, an experienced bureaucracy with long-established working routines and sufficient numbers of staff embedded in clear hierarchies. In the words of Cameron, Danson and Halkier (2000: 270) the KVR operates in a "web of formalised interaction".

#### **6.6.2. Governance and scale**

Governance is undoubtedly bound up with questions of scale and the delimitation of territory. The rather intangible nature of a place image is aggravated by an equally unclear notion of what constitutes a region. As Allen et al. (1998) have demonstrated for south-east England, regions are not entities that exist independently of social relations. They are 'made' and constructed through human activity, through social, economic and political agency and leadership. In an easy definition, a region could be seen as an

administrative unit (e.g. the EU's classification into NUTS 1, 2, or 3 regions). More functional definitions of a region include those of the region with close economic interdependence, or with a shared cultural identity (see Jones and Keating 1995, Keating 1998, MacLeod and Goodwin 1999, Vanhove 1999: 129-147). Consequently, in exploring the role of different place promotion stakeholders in the image construction process it could be vital to examine what different stakeholders identify as 'their' region and whether or not the stakeholders actually agree on the same territory as being 'theirs'. Underlying this is the question whether there is anything like a partition of territory into 'marketable' entities ideal for image building.

The 'cohesion' of both case study regions in terms of felt attachment to the region is generally contradictory and seems to have changed over time and to a certain degree depends on the target group of the promotion. While many economic development / place promotion agencies in the Ruhr generally take pride in their region it is often seen as detrimental to the inward investment promotion effort to be identified with the Ruhr.

"The homogeneous unit 'Ruhr' no longer exists. (...) Especially at the edges of the Ruhr 'centrifugal forces' are high. If you look at cities like Duisburg or Dortmund, who are at the Western and Eastern edge of the Ruhr, they don't want to be seen as part of the Ruhr unless there's money in it for them. But things have improved as the image of the Ruhr has improved. In the eighties nobody wanted to be part of the Ruhr. 'Every man for himself!' Duisburg and Dortmund always have the advantage of being able to associate themselves with the lower Rhine area or Westphalia. In the eighties poor old Bochum or Gelsenkirchen had no choice. They were stuck with the Ruhr. They just couldn't claim to be part of anything else." (interview with Duisburg Chamber of Commerce)

Indeed, cities on the boundaries of the Ruhr make little reference to the Ruhr in their branding. In its promotional literature Duisburg sees itself as "The Gateway to the Lower Rhine", Dortmund brands itself as "The Heart of Westphalia", and Hagen for a long time promoted itself as the "Gateway to the Sauerland"<sup>9</sup>. The managing director of GfW Duisburg admitted that

"Duisburg has never unambiguously declared itself for the Ruhr. (...) It really depends on what industry sector we target: if we want to attract logistics

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<sup>9</sup> Sauerland, the Ruhr's primary 'country getaway', is a rural, hilly landscape south-east of the Ruhr.

companies we market ourselves as 'The Gateway to the Lower Rhine.' If we want to tap into the purchasing power of the Ruhr's five million inhabitants then we claim to be an integral part of the Ruhr. If we're eying film and media industry we have to make sure we stress that we're part of the Cologne/Düsseldorf conurbation."

The communications director of Dortmund-Project was very clear in saying that "the Ruhr is an invention. It is not a region delimited by boundaries. It is not a natural area. The Ruhr has been invented by someone long ago. In my opinion, just like we made it up we could bin it."

Similarly, many companies traditionally located in the Ruhr refused to be associated with the area and only recently became part of the Ruhr's promotional message (interview with Duisburg economic promotion agency). There also is anecdotal evidence that in the 1980s investors such as Deutsche Bank and Rank Xerox decided against locating in the Ruhr as they felt that the unfavourable image would make the recruitment of qualified staff from outside the region very difficult (Interview with Duisburg economic promotion agency).

This phenomenon of 'denial of the region' is much less pronounced in North East England where not a single interviewee – not even in Teesside, which has a tendency of not feeling adequately represented by the regional agencies – claimed that his or her locality was not part of the North East. This may be due as much to the fact that there are no major, well-known cities just outside the North East as to an active and wholehearted declaration to the region.

## **6.7. Conclusion**

The breadth of organisations involved in image-building in North East England reflects the move from government to governance. The responsibility for image-building lies with public administration which works in collaboration with private and business interest groups. The resulting various arrangements are informal coalitions rather than formal

partnerships, even though the region seems to abound with coalitions called 'partnerships'. In contrast, in the Ruhr a more formalised system still operates which is characterised by relative stability, even though a new regional player, Projekt Ruhr, has been established by the NRW Land government and has increased direct Land interference.

For the North East, image management is a fairly new policy area, and the current political institutional framework seems not geared towards coping with this process. Interviewees frequently pointed to the lack of suitable forums for co-operation and negotiation. The KVR, the Ruhr's driving body of the image campaigns, provides a well-established bureaucracy that is capable of drawing in a wide range of stakeholders as part of its administrative routine.

In essence, many differences in the image management efforts between North East England and the Ruhr can be attributed to different and changing institutional arrangements. Whereas in the North East the process is largely controlled by central government it is still largely in the hands of local government in the Ruhr, even though the Land government is 'tightening the reins'. What is often referred to as 'devolution' has, in the North East, in reality been a *decentralisation*, but this is set to change if a regional government is approved in the referendum on 4 November 2004.

Altogether, the empirical evidence of any hollowing out of the central state in the two case study areas is limited. Central-local relations have certainly changed more in North East England, where the responsibility for economic strategy has to a certain degree been transferred to the regional level. However, central government still controls the process through its 'gate keeping' functions in funding and senior appointments in the RDA. In the Ruhr, there is no evidence of central government interference in the image building process. However, the setting up by the land government of a rival organisation to the KVR, Projekt Ruhr, could be seen as an undermining of the Ruhr's self-governing capabilities. No hollowing out from *above* is discernable as the ERDF funding is non-prescriptive with regard to image improvement. This policy area is largely unregulated by



EU programmes but on the other hand the ERDF will consider image improvement activities if desired by the region in question.

In the light of these findings a number of assumptions in the existing literature on governance must be questioned. Firstly, there is no evidence in the data obtained for North East England that the central state has lost influence as a policy-maker and – deliverer in the field of place marketing and image management. These processes are still clearly governed by the central state, but the *mechanisms* of the control have changed away from direct hierarchical command by the state towards a dominance of partnerships and informal networks which are only weakly institutionalised. Secondly, the British governance literature overestimates the process of decentralisation in federal states. In the terms of the literature, the German central state has always been ‘hollowed-out’.

This chapter has examined the importance of networks for the governance of the image building process. The following chapter will look, among other issues, at whether and how these networks are being used as a resource for intra- and inter-regional learning.

## 7. POLICY LEARNING

*There's a bit of cynicism about, particularly in the business community, of 'we've seen it all before.' My fear is that it will just peter out like so many initiatives before. Good idea, nobody picks it up, and three years down the line somebody will say 'oh, that's a good idea' and re-invent the wheel.*

(Bill Midgley, past president of the North East Chamber of Commerce and Director of the British Chamber of Commerce)

In an age where a plethora of policy-relevant information is available through the media, especially the internet, and through personal contacts, policies are hardly designed in a vacuum. They are likely to be informed by lessons drawn from successful or unsuccessful policies elsewhere. Even though the Ruhr undertook what is widely regarded as the first fully-blown place marketing campaign in Germany, the concept of using publicity to sell places was hardly novel in the mid-1980s. How did the idea make its way to the Ruhr? In contrast, in its national context, North East England was relatively late to embrace an image strategy, even though various activities of image-building had been carried out previously in this region. Why was image-management eventually adopted?

This chapter looks at the role of policy learning and transfer in the process of realising the need for an image building strategy and of designing and implementing it. The first section looks at how stakeholders within the region learn from each other, and the second part examines policy learning from other places and from the past. How important were lessons learned from and experiences shared with other places for the awareness and adoption of image management? Did the two regions deliberately turn to other places for advice? Or were the strategies drawn up without having looked at experiences elsewhere? Is there any connection between current image building efforts and earlier attempts in the same region?

In addressing these questions I encountered two methodological problems; organisational discontinuity, and the timing of previous image building efforts. With regard to the first point, the Ruhr has, until recently, been characterised by a relative stability of

organisational arrangements in administration and regional economic development. One organisation, the KVR (Ruhr local government association), has been in charge not only of public relations for the region, but also of the two image campaigns undertaken so far. I was able to speak to one member of staff at KVR who has been working in a senior position in the public relations department and who has been involved in image management from 1983 to date. North East England, in contrast, has been marked by changing organisational arrangements, from re-designing central government in the region (for example, the creation of the Government Offices for the Regions) and the rearrangement of local and county governments (for example, the abolition of Tyne & Wear and Cleveland county councils). Recently, the region has been given more self-responsibility for its economic well-being with the creation in 1998/9 of the regional development agency One North East and a Regional Assembly. Together, these rearrangements meant that it was very hard in the process of the research to track down individuals who have been involved in image building efforts over the last 20 years. In some cases, especially in the North East, organisations or agencies involved in earlier image building efforts had been abolished altogether. It was particularly difficult to find people who had been working with the Northern Development Company (NDC) in the late 1980s/early 1990s when it ran an image campaign for what was then the Northern region. Secondly, and connected with the first issue, is the problem that the earliest 'modern' image improvement initiatives in the two regions date back to 1985 and 1988 respectively so that it was often impossible to interview the people who were a driving force in the campaigns, as they had retired, started their own business or moved on to a different employer.

This chapter consists of two parts that are both informed by the learning literature. The first part deals with social learning and asks how economic development stakeholders in each case study area learn about each other's views and aims, and whether and how consensus is being reached. The second part is concerned with what is referred to in the academic literature as policy learning, lesson drawing, or policy transfer and seeks to establish to what degree and through which processes the adoption or refinement of image-building activities have been informed by policies in the same field elsewhere. As

set out by Stone (2001), the two strands of literature on social learning and policy learning – that are often viewed in isolation from each other, or even regarded as incompatible – can indeed be linked together through a policy network approach<sup>10</sup>. While chapter 6 (Governance) has looked at individual policy networks in the two case study areas, the application of the concept of policy networks in this chapter is extended to include links across national boundaries. Policy networks can extend in their scale from local to global and thus be a constitutive element for learning both *within* regions and *between* regions and other places.

### 7.1. Intra-regional learning

This section deals with how the image stakeholders learned about each other's aims, expectations and motivations for taking part in the image management process. The initial starting point for the analysis of this sub-section was theories of organisational learning. However, it soon became apparent that, despite their richness in explaining processes of learning, the literature was overly concerned with the private sector economy. This is particularly the case with the concept of the learning region which centres around the competitiveness of the region as a whole, created and supported by the ability of the aggregate of private sector companies contained within the region to learn and therefore innovate, creating a competitive advantage over other regions. The theory of the learning region does offer insights into how public policy can or cannot support learning as a tool of economic development, but offers little in the way of explaining how learning influences the design and delivery of regional policies. However, the basic concepts or conditions that underpin regional learning do have a certain power of illuminating the latter process. In particular, it can point to the shared social context that

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<sup>10</sup> For reasons of simplicity I use here the term of policy networks as an umbrella term for the varied and often competing concepts that seek to explain the flow of knowledge, ideas and other resources in networks between politicians, bureaucrats and other agents such as pressure groups, professional bodies, and professionals of associated industries such as advertising or consultancy. As demonstrated by Stone (2001) these concepts include epistemic communities (Haas 2001), communities of practice (Wenger 1998, Wenger and Snyder 2000), policy communities (Sabatier 1991), advocacy coalitions (Keck and Sikkink 1998), discourse communities (Hansen et al. 2001) or discourse coalitions (Hajer 1993). In a more spatially

facilitates learning, or that could even be considered an indispensable prerequisite for learning.

#### 7.1.1. Key concepts

Gertler (2001) revisits the claim that a shared cultural context facilitates learning. This insight is largely based on Michael Polanyi's pioneering works of 1958 and 1967, in which he introduced and refined the concept of tacit knowledge. Because tacit knowledge is embedded in social context, so his argument goes, this knowledge could more easily be shared by a person who shared the same socio-cultural context. Through this 'social proximity', i.e. the sharing of norms, values and rules and a common language (this does not just refer to different languages but also to different 'technical languages' such as 'legalese' or geographers' technical terms), communication between two persons ('knower' and learner) is facilitated. Gertler (2001:11) argues that an analysis of learning falls short of a full understanding and explanation if it takes this shared social context as given. He notes that Michael Polanyi "never fully specifies how 'context' and 'rules' are produced". For an explanation of the underlying factors behind the 'context' Gertler turns to the work of Michael Polanyi's brother Karl, whose work (e.g. 1945) provides the insight that "markets and the behaviour of economic actors are *socially constructed and governed*." (Gertler 2001: 11). It follows from this that

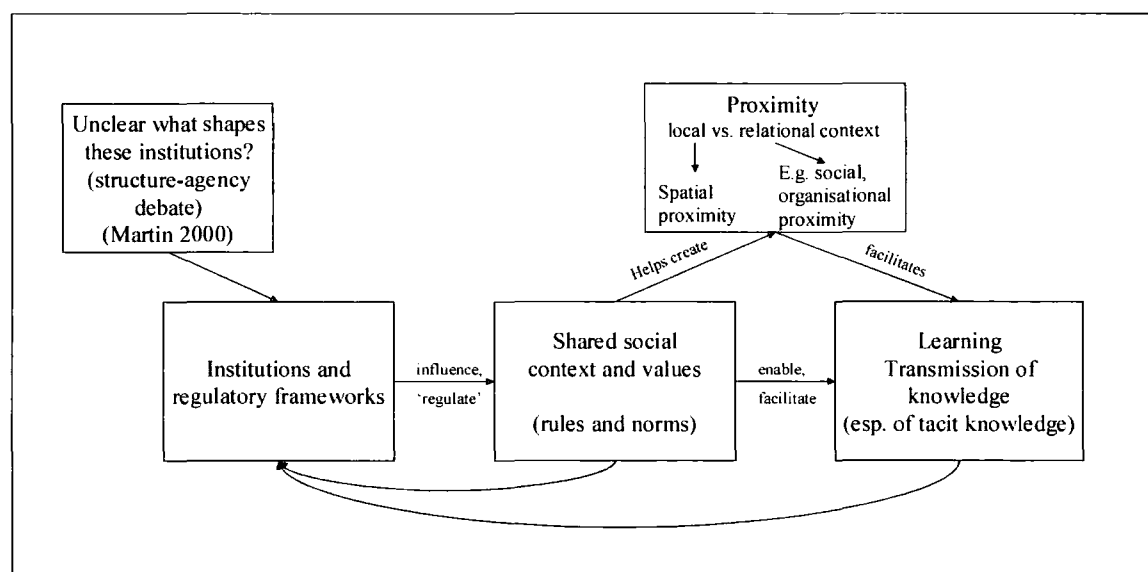
"the ability of individual workers or firms to produce and share tacit knowledge depends on much more than spatial proximity or cultural affinity. In particular, it depends on institutional proximity – that is, the shared norms, conventions, values, expectations and routines arising from *commonly experienced frameworks of institutions*." (Gertler 2001: 11, my italics)

For Martin (2000), this explanation does not go far enough. He goes one step further and asks how the 'frameworks of institutions' are being shaped in turn and encourages us to look at the overriding regulatory regime. However, there seems to be confusion over the what 'mode of social regulation' means. Martin (2000: 77) refers to the 'mode of social regulation' as "the ensemble of rules, customs, norms, conventions, and interventions", a

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oriented literature some of these concepts have been demonstrated to exist on the local or regional level as 'growth coalitions', 'growth machines' or 'booster coalitions'.

description that comes rather close to what Gertler (2001) termed ‘social context’, but the two authors are referring to something different: Martin refers to the ‘mode of social regulation’, “which mediate(s) and support(s) economic production, accumulation, and consumption.” (p. 77). This throws up the question to what degree institutions can be shaped from the ‘other end’, that is by the actors that operate in the social context – the learners – as opposed to regulation from ‘regulatory frameworks’. In other words, it can be argued that institutions and regulatory frameworks are also a product of shared norms, rules, culture, context (cf. Gertler 2000: 691). Amin and Cohendet (2000) pick up on this feedback issue, arguing that there is a *mutual* rather than a linear dependence between regulatory regime, institutional frameworks and the social context on which learning is based (fig. 7.1).



**Fig. 7.1:** Institutional frameworks, social context, and learning

Source: author's own work, based on Gertler (2001), Martin (2000), Amin and Cohendet (2000)

In geography and other spatially-oriented disciplines the discussion focuses much on how ‘proximity’ can be achieved, for it is ‘proximity’ which is regarded as most crucial for inducing learning. Proximity can be achieved through closeness, which does not necessarily have to mean spatial proximity. Out of the following three approaches, the learning region relies most heavily on spatial proximity, even though, as we shall see, it is

not necessarily a prerequisite. According to Amin and Cohendet (2000: 112), proximity can also be relational or cognitive.

A useful concept in the context of my thesis is communities of practice (Amin and Cohendet 2000: 105-113, Gertler 2001: 8f.). This rather recent concept aroused widespread interest through a book chapter by Brown and Duguid (1996), followed by a number of publications by the same authors and others (e.g. Brown and Duguid 1998, Wenger 1998, Wenger and Snyder 2000). Communities of practice are individuals working together out of a common interest to achieve a common goal. The concept of 'communities of practice' aims at bridging the gap between individual and organisational learning, as these communities can exist completely inside one organisation or its members can be made up of members of many different organisations. The group is defined by a common goal (that is, a common project) and learning occurs "through ongoing practice, drawing on social energy and power generated through interaction in joint enterprises." (Amin and Cohendet 2000: 107, drawing on Wenger 1998).

What seems to be surprising, at first sight, is that teams of very different functions and levels act as communities of practice (Amin and Cohendet 2000: 108). This suggests that the often-quoted distinction between 'radical' learning and 'incremental' learning can no longer be sustained: "(...) the processes behind scientific innovation in the R&D laboratory were not that different from those behind innovation in the Breton fishing industry or the learning described by Wenger (insurance claim processors, M.B.). In the laboratory too, the production of novelty drew upon routines, conversations, meetings, scripts, memory, stories, and other soft technologies, grafted onto the technologies of formal knowledge acquisition and application" (Amin and Cohendet 2000: 108, drawing on Latour 1986, Latour and Woolgar 1986).

The concept of knowledge enablers (or incubators) recognizes that while producing tacit knowledge is relatively easy, disseminating it is very difficult (Gertler 2001: 9). The application of the concept seeks to exploit the fact that new tacit knowledge can be incorporated into an organisation most effectively by integrating a new member of staff



with the desired specialist knowledge. This person, it is hoped, will 'incubate' innovation in a group or organisation. The most common application of this insight is the rotation of key personnel, ensuring that a member of staff gets in contact with colleagues from as many different backgrounds as possible, or the 'buying in' of expertise through hiring a member of staff from an organisation in which the desired knowledge or innovation is embedded. The idea of knowledge incubators is linked to the concept of diffusion, which will be taken up in the section on policy learning.

It needs to be stressed that a shared cultural context not only *facilitates* learning, but this shared belief in certain norms, values and ideas also to a certain extent *coerces* learning and reaching agreement. Haas (2001) contends that within policy communities or epistemic communities the common belief systems are not only analytic but normative. It has been argued, for example, that the discourse of competitiveness has resulted in places of all scales being widely open to suggestions of how to improve their competitive position in 'the global game'. It can therefore be assumed that the idea of image management would fall on fertile ground in most regions of Western Europe, but in particular in a region such as North East England where competitiveness is one of the central themes of the newly-developed Regional Economic Strategy. Dr. Fred Robinson of Durham University argues that this process has been evident in the North East's image management process over the last decades:

"The 'Here. Now.' Campaign is very similar to 'The Great North' campaign. The feeling at the time of the 'Great North' campaign was that the only way somebody comes up here and invests is if they're convinced that the place is good, it's positive, it's on the way up, it's a place where you can make money. But basically it's like a shithole, so that you have to present it – in their jargon – in a positive light. Bring in promotional agencies, create an image and sell, sell, sell. It has not proven that difficult in this region to create that kind of 'growth coalition' or 'boosters'. Those people are used to that. They do suspend disbelief. (...)" (interview)

Indeed, in both case study regions there seemed to be overarching agreement that image management is necessary. (This is surprising as to date – to my knowledge – there are no studies that are able to *quantify* the economic benefit of a positive image for a locality and whether purposeful image management or image campaigns can actually contribute

effectively to this image change<sup>11</sup>). Among the interviewees in both case study areas disagreement arose not as to the *necessity* of image management but merely as to what is the most effective and most efficient *way* of undertaking it. The widespread agreement on the necessity of image building might have two reasons. Firstly, and as alluded to above, there seems to be a powerful normative discourse on competitiveness and the 'competitive region', to the degree that it has become 'conventional wisdom' among economic development practitioners (see Jessop 1998, Leitner and Sheppard 1998, Painter 1998). Secondly, and associated with the first point, private-sector management styles have been widely applied in the public sector (for a systematic overview see Hood [2001]). Indeed, not only is the lead agency of the North East's current regional image strategy organised along private-sector principles, but private-sector companies and associations were also widely consulted for publicly-led image building efforts in both regions in an effort to receive feedback from the intended target group of the image building efforts. Private-sector input was especially sought for the current campaign in the North East, where many of the members of the 'image steering group' (see below) came from the private sector companies.

### 7.1.2. Image and social learning

Once One North East and the North East Assembly had agreed in 2000 that they would drive forward a regional image strategy (see timescale in figure 5.1, chapter 5), they commissioned an agency called Gentle Persuasion (which in the meantime has changed its name to Persuasion) to develop a concept for an image strategy. Persuasion, One North East and the Assembly together aimed at informing and drawing in the views of a wide range of economic development stakeholders from business associations to trade unions. The first consultation of regional economic stakeholders took place in Durham Castle in March 2001. Around 30 persons attended, representing some 20 stakeholders at

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<sup>11</sup> Wells and Wint (2000) comment on the general lack of research on "the effectiveness of the investment promotion function in general and the relative effectiveness of different promotional techniques and structures" (p. 7). The reason for this neglect mainly lies in methodological difficulties. For example, a *correlation* can be established between the use of an image building tool and the improvement of perceptions among the target groups, but owing to the absence of laboratory conditions it is almost impossible to prove a *causal* relationship. To follow from this that there are no financial benefits to be reaped from a positive image, however, would be short-sighted.

a presentation and discussion of the Regional Image Strategy (RIS). In this meeting interested individuals were asked to volunteer to become part of the image steering group (see figure 7.2). The members of the steering group were sent further drafts of the image strategy and asked to comment on them. I interviewed most of the members of the steering group.

Economic development organisations (local government and quangos)	Organisations of civil society	Culture, arts and education	Private firms and business associations	Media
Tees Valley Development Company	Workers Educational Organisation *	University of Durham	Northumbrian Water Group *	Evening Chronicle / The Journal
County Durham Economic Development Partnership *		Northern Screen Commission	Tees Valley Tomorrow Ltd	Century Radio
Gateshead Council		Northern Arts	Atmel *	
Northumbria Tourist Board *		County Durham Cricket Club	Latimer Hinks Solicitors	
Newcastle Gateshead Initiative *			Wilton International	
Government Office for the North East			Procter and Gamble *	
			North East Chamber of Commerce (represented through past chairman)	

**Fig. 7.2:** Organisations represented at the Durham Castle event

Source: ONE/NEA consultation documents

In addition to the organisations named, several representatives of the two organising bodies One North East and the North East Regional Assembly took part. Organisations marked with (\*) sent a representative to the ‘image steering group’.

As examined, in the North East an image working group has been set up to deal specifically with the image campaign. In the Ruhr this process happened in much more formalised administrative routines, which also resulted in a much less broad consultation with fewer stakeholders involved other than those representing local government. Issues

of PR and image building were considered by the 'Fachausschuss für Marketing, Kultur und Sport' (committee for marketing, culture and sport) which is made up of a majority of local government representatives and a number of employers' and employees' representatives plus a small number of volunteer citizens ('lay members') with more or less expertise in this policy field. The campaign was decided on by the KVR's plenary board, which is made up exclusively of local government representatives. Unfortunately, all of the KVR marketing committee members have retired since the early 1980s so that none of them could be interviewed. What can be said, however, is that the decision-making in the Ruhr case was more streamlined since only one organisation was involved, but it was also much less comprehensive in its consultation.

I interviewed most of the individuals who had attended the North East's initial image meeting, the Durham Castle event. They had different experiences about in what way and to what degree learning of each other's aims of image improvement and motivations to become involved in the image strategy took place. The *outcome* of the discussion amongst the participants of the Durham Castle event was laid down in the document "A regional image strategy" edited by One North East and the North East Regional Assembly (ONE/NEA 2001b). The participants discussed a number of key points of the strategy:

- The image strategy should be a sustained effort over five to ten years.
- Themes and messages used in the strategy should be based on reality and be recognized by local people.
- Some participants emphasised learning from other places. "Those with particular experience of similar initiatives suggested that information should be gathered about the image/marketing strategies implemented in other cities/regions such as Dublin, Glasgow and Barcelona" (ONE/NEA 2001b: 6). This point will be taken up below.
- The participants agreed that "a strong leadership of 6-8 representatives should be the driving force behind the strategy" and that all participants of the Durham Castle event should be updated on the progress of this core group (ONE/NEA 2001b: 7).

- It was also agreed that other organisations in the area who are involved in image-building should be contacted “so that ideas can be shared and co-operation sought (ibid, p. 7).
- The participants agreed that the campaign should first be internally to raise the aspiration and self-confidence of the region’s inhabitants. Only in its second phase would the campaign then be carried out outside the region to address the intended target audiences. Some interviewees reported that this was a lesson learned from other places.
- The findings of the market research carried out overseas in early 2001, mainly amongst businesspersons, “sparked considerable debate as to who to target, how to target, and thoughts on what messages would be the most effective” (ONE/NEA 2001b: 8).

A considerable part of the discussion revolved around the compatibility of the two ideas of presenting a coherent image versus reflecting regional diversity. It became evident in the discussion “that a single image could not reflect fully the true diversity of the region. The audience recognised that although there should be different messages for different audiences, the message should be a coherent one” (ONE/NEA 2001b, p. 6). On the other hand, “local diversity (...) should also be celebrated” (ibid). As solution to this contradiction the participants suggested that instead of using “a single brand for the region” to develop of a “‘tool-kit’ of themes, messages, and images (...) so that regional organisations can pick and choose the most appropriate ones for their audiences” (ibid). It remained unclear, however, how a coherent image on one side and a ‘pick & mix’ approach on the other side can possibly be reconciled. The comments of one participant of the Durham Castle event echo the views of many participants:

“I think it’s very difficult [to agree on a common strategy]. People want different things out of it. Some people want to say it’s a positive, vibrant region. Other people want to say it’s a region that’s still disadvantaged and we need money to overcome that. Some people want to promote it for tourism, some for manufacturing, some want to promote the issue of regional government and that this is a powerful region that can look after itself. (...) The region is a series of lots of different brands. The same time you’re trying to present Northumberland’s coast, castles, countryside you’re trying to represent the North East as a good place for chemical industries. (...) I think

One North East has a difficult job in pulling this together. The document (image strategy, M.B.) absolutely has to ask the fundamental question 'Who is it aimed at'? Part may need to be aimed at the population, part at industry outside the region, another part might be aimed at tourism. But you can't put the whole thing together and expect everybody to read it in the same way." (Andrew Dixon, Chief Executive of Northern Arts).

Similarly, many interviewees said that the self-interest of organisations involved in image-building hindered co-operation: "I think one has to accept the fact that there are a number of bodies with their own political directives, their own stakeholder desires and needs to be seen and score goals" (Marketing Director of County Durham Development Company).

Reflecting on the Durham Castle Event, ONE/NEA (2001b) concludes that "whilst there were differing opinions in some areas it was pleasing to see that there were (sic.) no shortage of ideas for the executive group to consider and there was genuine consensus in many area" (p. 9). However, the paper recognises that promoting one coherent message from the North East while still allowing sub-regional entities to market their own 'turf' as they please may turn out to be a problem: "Keeping all parties on board while still allowing the promotion of certain sub regional (sic.) issues will be the main challenge but, at this stage at least, the willingness to try is strong" (p. 9).

This viewpoint was contradicted by several participants of the Durham Castle event who perceived a lack of willingness of many local governments who have recently gained borough status (mainly metropolitan boroughs) to co-operate. It seems to be difficult to convey strategic thinking to individual councils. Following the abolition of Tyne & Wear and Cleveland county councils,

"areas now are very keen to shout for their little bit. So you get people of some political clout from Middlesbrough, Stockton, Gateshead or Sunderland, all desperate for a share of the sun. They are still in the 'We're free!' phase. They need another two or three years before they can accept submerging into the common interest again. In the meeting at Durham Castle it was quite clear that nothing will satisfy Bob Gibson, the leader of Stockton, unless there is a mention of Stockton. And the other leaders: 'We have to have Hartlepool in it (the image strategy, M.B.)!', 'Gateshead!',"

‘Sunderland!’ There you start thinking, Jesus Christ, are these guys mad?”  
(John Ashby, County Durham Economic Partnership)

It will be interesting to see how the participants of the Durham Castle Event will react to the change of strategy evident in the second draft of the North East RIS of April 2003. According to this document the RIS will now promote four or five ‘fighting brands’, which are nationally or even internationally known brands that are powerful enough to compete, such as Northumberland’s ‘Coast and Castles’, Durham, or Newcastle-Gateshead. Unfortunately, this change in strategy occurred after the vast majority of the interviews in the North East had been carried out.

It seems that in both case study areas a mixture of both crisis and opportunity helped to create a climate in which economic development stakeholders were willing to learn and co-operate. Both regions had a similar economic structure in that they were dependent on extractive and heavy industries, which have been affected by similar market forces, leading to unemployment and a weakening of the tax base. These deteriorating material realities are likely to have contributed to the unfavourable perceptions that both regions suffered from at the time. As I will discuss in greater detail in the following chapter (Leadership) this was the time when leaders in the Ruhr realised that the unfavourable image had become an obstacle to development in its own right. According to a senior KVR official the recognition of this severe crisis was a decisive factor in the discussion and adoption of the first image campaign. In the North East, the bid for the European Capital of Culture 2008 was a major unifying force, along with the partial devolution from the central state to the region of responsibility for economic development. There was a realisation among economic development stakeholders that this ‘beauty contest’ could only be won if the perceptions of the North East held outside the region were largely positive (interviews with Northern Arts, Newcastle-Gateshead Initiative, One North East, the Regional Assembly, and a number of stakeholders from the private sector). The role of crisis and opportunity as a catalyst for change will be revisited in chapter 8 (Leadership).



### 7.1.3. Co-ordination of image management: hierarchy vs. negotiation

If, as Stone (2001) contends, intra-regional learning takes place in networks, the existence of such networks is a prerequisite for learning to occur on a regional level. Thus, the sectoral inclusiveness and scale of existing networks of learning have to be examined. Do these networks cover the whole of the region, as required for image management on a *regional* level, and if so, are these networks inclusive in that they comprise stakeholders of all sectors whose support is necessary for the design and delivery of image management efforts? As examined in chapter 6 (Governance), networks in both regions seem to be poorly integrated with the existence of several parallel networks in the public sector, the private sector, and civil society respectively. This suggests that the opportunities for key stakeholders of different sectors to learn across sectoral boundaries are limited. A closer integration has so far only been achieved on the local level. A key example is Dortmund Project, a public-private partnership that involves several departments of Dortmund City Council, a significant number of influential private-sector companies, and a number of organisations from civil society. An example from the North East would be the Newcastle-Gateshead Initiative.

The lack of an inclusive network on the regional scale was frequently reflected in interviewees' comments such as "I wouldn't know whom to talk to if I wanted to discuss image-related things" or "I am not sure that One North East knows what individual local governments are doing to change their own image". As Alan Bell, Marketing Director of Tees Valley Development Company, remarked in an interview, "there isn't a meaningful forum that would allow for consensus on some of this stuff. And even if there was, you would probably find it ineffective because of the inability to meet the multiple objectives, multiple political requirements that each of the organisations' funding partners strive to meet." In the Ruhr the networks seem to be slightly more connected, mainly thanks to the KVR, the regional body that for a long time has had the ability to draw a wide range of stakeholders into its institutionalised mechanisms of dealing with regional issues.

Image management is part of overall economic development, be it specifically mentioned in economic strategies or carried out as explicit image management, or be it a 'side-effect' of general economic development strategies or particular place marketing efforts. It is therefore important to take into account the power relationships between the key inward investment players in North East England, One North East, the Government Office for the Regions North East (GO-NE), and UK Trade & Investment (which was still called Invest UK when most of the interviews were conducted).

The inward investment activities of One North East are funded by central government through GO-NE and UK Trade & Investment. It is a condition of the funding that One North East enter a contract with both central government organisations in which targets are specified such as how many visits by potential inward investors they have to attract, and how many actual investments they must win:

"One North East come up with their ideas and we look at them and say really you need to this or you need to do that. These are the UK target markets this year, you haven't adequately reflected that, you need to do something along those lines. (...) Or, these are the key factors which the UK are selling this year in terms of why one should invest in the UK, and really you should be doing something along those lines. They (ONE, M.B.) do have a lot of autonomy in what they do, but we make sure it's not silly, it's not stupid, it's value for money, that it doesn't cut across what InvestUK are doing and that they're not missing anything that InvestUK are doing from which they could benefit." (Rick O'Farrell, Head of Industrial Support, Inward Investment and Technology, Government Office for the North East)

On the other hand, the Labour government that came to power in 1997 relaxed the 'supervision' of the regions: "This government has instituted a fundamental shift of giving more control and responsibility to the region. We are still keeping a close eye on what they (One North East, M.B.) are producing but we now stand back more. (...) We are the referee, the judge. We say "you can do this but you can't do that, don't you think you should be adding this to that'. But we're standing back a lot more now." (Rick O'Farrell). One of the central reforms was that funds are now given to the RDAs as a lump sum, with budget lines abandoned from 2002. In effect this means that rather than having a certain sum determined by central government to be used on inward investment, One North East has, from 2002, been free to spend as much as it likes for inward

investment and image management unless these activities are seen as a waste of resources by central government, which still retains a veto (Rick O'Farrell). Since 2002 One North East's activities have been subject to much less detailed control, of "micro-management. (...) We say 'look, here's 200 million pounds, get on and do it, and we expect you at the end of the year to have created so many jobs, moved up GDP so far, and some other measures. How you do it is up to you'" (ibid).

Some ideas have been forced upon the region by GO-NE: "On some of the statistics we could have argued a case for Objective 1 status<sup>12</sup>. We here at the Government Office effectively *forced* upon the wider partnership – and a lot of them didn't like it – that we would not bid for Objective 1 status because it presented the wrong image. We summed it up: do you really want the rest of Europe to think of us in the same way they think of Liverpool, Glasgow and bits of Portugal? We wanted to present the image of a go-ahead region that does have *some* problems, so we forced through Objective 2" (O'Farrell, original emphasis).

On the other hand, relationships between the regional and local government scale seem to be less hierarchical. There is indeed evidence of the regional scale being ineffective when it comes to forcing/inducing sub-regional organisations to submerge to a regional, consistent image-building effort: "Fortunately, there is not a hierarchical structure. One North East is not there to control us. They're there to coordinate things so that we don't duplicate our efforts. (...) But we *listen* to their ideas (...), and then we consider if it's appropriate for us to lend our support" (Phil Eadon, Marketing Director of County Durham Development Company). In this way, for example, One North East has done the overseas marketing for the counties/metropolitan boroughs, with marketing in Britain largely undertaken by sub-regional agencies.

In contrast to the North East, the Ruhr was much more stably institutionalised when image management entered the agenda and image campaigns were first drawn up. In

1979, six years before the start of the first image campaign, the KVR as the regional body gained – in a major restructuring – the responsibility for public relations and marketing of the region (Williamowski 1996). The KVR is a long-standing organisation established by NRW state law 75 years ago with clearly defined competencies and a large and functioning administration. The most important point, however, seems to be that all Ruhr cities and districts by law *must* be members of the KVR. Public relations activities like the image campaigns had to be consulted in the “Fachausschuss Öffentlichkeitsarbeit” (board for public relations) and agreed on in the “Verbandsversammlung” (plenary board). Since the KVR’s plenary board is made up of representatives from all local governments it reflects the political power relations in the region and is sometimes politically divided. On the other hand, the KVR has proven to provide a well-working forum for the discussion and implementation of image management that is capable of reaching out across part-political divides.

#### **7.1.4. Market research**

This section deals with one particular aspect of learning – how the stakeholders involved learn about the ways the target group(s) consume(s) the messages promoted, and whether the campaign was successful. This section therefore deals with self-reflexive learning. Image management is trying to (if necessary) bring existing perceptions in line with desired perceptions (the perceptions the recipients *should* have as a result of the image management being effective). Consequently, there are three categories of information the “image makers” need to collect:

1. What are the target group’s *current* perceptions of the region?
2. What is the image that appeals to the target group?
3. Has the image management been effective? In other words, have perceptions changed as desired?

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<sup>12</sup> For the purpose of the European Union Regional Development Fund 2000 to 2006 round areas that receive assistance have been classified into five categories. Objective 1 are “least favoured regions” with great overall development deficits, whereas Objective 2 regions have problems of restructuring.

As to the first point, Gentle Persuasion undertook market research in south-east England, France, Germany, the USA and Japan to learn about the *existing* perceptions of the North East. They also looked at how people at home perceived their region, the North East. Interviews in Britain were undertaken with members of the general public, and abroad mainly with businesspeople and persons in higher education. As set out in chapter 5 (Changing Images), the Ruhr has continually monitored the effectiveness of its image building efforts that were largely based on advertising campaigns. Perception studies have been undertaken across Germany and some neighbouring countries every two years. They showed that after ten years of advertising the Ruhr's first image campaign had been remembered by more than 60 % of the German adult population.

Neither of the two regions conducted any research into what images most appeal to potential inward investors. The interviews revealed that place promotion stakeholders largely relied on their 'instinct' and on anecdotal evidence that mainly resulted from their conversations with actual inward investors.

As to the third point, most place promotion practitioners were sceptical that the effectiveness of image improvement initiatives can be measured: "How can you measure it all at the end of the day? But we have to start somewhere" (Paul Dobbie, Director of PR agency Persuasion [previously Gentle Persuasion]). The discussion draft for the North East Image Strategy (ONE/NEA 2001b) suggested that focus groups be established within the North East and possibly in the South East to research the impact of the image strategy. It also recommends that "further market research should be done (at least annually and in the North East only initially) to determine whether attitudes are shifting and why. However, this monitoring has, along with the bulk of the other instruments of the image strategy, not been implemented.

#### **7.1.5. Lessons from the past**

Learning not only occurs between actors in a region (intra-regional), but places can often tap into their collective memory and lessons they have learned from previous efforts in

the same policy area or from previous experience of policy instruments in other policy areas. One facet of learning that is often neglected is the fact that most places have a history of certain policies, and change is more likely to be incremental than radical.

The participants of the Durham Castle event drew on their experience of similar campaigns, in this case NDC's 'Great North' campaign. "It was felt that (...) the Great North campaign failed to some extent because it concentrated too much on attracting businesses from abroad rather than the rest of the population" (ONE/NEA 2001b: 8). In the view of Ross Forbes, Director of Marketing and Human Resources at Atmel, the North East has in the past "failed to address the image problem." 'The Great North' was well developed as a campaign to attract inward investment, but the problem was that it did little to build the region's self-confidence: "There has been a failure to raise people's aspirations within the region since the mid-eighties when the region began to change from dark and derelict into bright and innovative" (ibid). As a reaction to this perceived shortcoming the first draft of the current image strategy suggested to target local people first before marketing the region to the outside world, but in the second and most recent draft of the current strategy this element has disappeared.

John Ashby of the County Durham Economic Development Partnership thinks that lessons from NDC's 'Great North' have still been learned. "It (The Great North campaign) wasn't inclusive, it didn't have this partnership. It was very top-down. We weren't party to it apart from the fact that local authorities like us *paid* for it." Undoubtedly, the formulation of the current Regional Image Strategy has involved wide-ranging stakeholder consultation, and has been much more inclusive in this sense than earlier attempts by the NDC.

These negative experiences of past image improvement initiatives are feared to reduce the willingness to get involved in the new North East image strategy. According to Bill Midgley, past president of the North East Chamber of Commerce and Director of the British Chamber of Commerce, there is a fear in the business community that the new image strategy can only succeed

“if like so many other initiatives, for example the Great North, it doesn’t just fizzle out in two years’ time. There’s a bit of cynicism about, particularly in the business community, of ‘we’ve seen it all before.’ My fear is that it will just peter out like so many initiatives before. Good idea, nobody picks it up, and three years down the line somebody will say ‘oh, that’s a good idea’ and re-invent the wheel.”

In the Ruhr, image management efforts have a much longer history, and there has been a very systematic, reflexive approach of learning from past initiatives. The effectiveness of the image management has been monitored since the KVR obtained responsibility for public relations and initiated “Ein starkes Stück Deutschland” in 1985. For example, a survey has been conducted every two years during the ten-year duration of the campaign to monitor the changes in public perception of the Ruhr, mainly within Germany but also in selected European countries such as Britain or France. The results showed that, firstly, perceptions of the Ruhr had changed, and secondly, that the image campaign seemed to have contributed towards this change. Similar surveys were conducted for the second campaign, ‘Der Pott kocht’. Details of both market research results have been presented in chapter 5, Changing Images. In the North East, image monitoring efforts have been both much less extensive and systematic. To date there has only been one study (in 2002) of public perception in the South-East of England, but further research is planned for the future.

## **7.2. Inter-regional learning: policy learning**

This section looks at whether the image building efforts in the case study regions have been informed by policies in the same field elsewhere. While the previous section was concerned with *intra*-regional learning, this section looks at learning on an *inter*-regional scale, also referred to as policy learning. ‘Policy transfer’ is sometimes used synonymously with ‘policy learning’. If regional learning is defined as the process of how regions learn about (and possibly adopt) ideas from outside the region, and of how these ideas in turn ‘spread’ within the region, then policy learning and policy transfer can be considered as a special case of regional learning.



Policy learning is a process through which policies in a certain area become informed by policies elsewhere. This process of seeking and evaluating information may not necessarily lead to the adoption of the policies and instruments examined. It could also be that an example looked at is deemed to have been unsuccessful and thus the policy from this particular place is rejected. In contrast, the term policy transfer usually refers to a policy being adopted (and maybe adapted) from elsewhere and often involves the learning from seemingly successful examples that are considered 'state of the art' or 'best practice'. If an increasing number of places adopt the same policy then policy convergence comes into existence. On the other hand, the idea of policy convergence also "allows for the possibility of similar developments taking place in different countries with or without any direct link between them. Countries with comparable economic, social, cultural and political formations develop broadly comparable policy arrangements" (Stone 2001: 5). In other words, policy transfer can be a causal factor for convergence, but may not necessarily be decisive, or may not be causal to convergence at all. Indeed, policy learning can also lead to divergence, especially if negative lessons are drawn, resulting in non-transfers (Ladi 2000: 205). While the absoluteness of Stone's statement can be doubted, it is likely that it also applies not only to countries but also to regions.

The central question of this section is: how do policies travel? How is a certain policy – in this case image management – adopted by a place? Thus the focus is on how policies are being transferred from one place to the other rather than on the individual learning process of a region's stakeholders. In other words, I will look at how stakeholders learn from sources external to the region rather than from each other within the region. According to Dolowitz and Marsh (1996), policy transfer is a process in which knowledge about a policy and/or administrative or institutional arrangements in one place is used in the development of a policy and/or administrative or institutional arrangements in another place or at another time. They point at an important distinction. To them, the concept of 'lesson drawing', which is often used interchangeably with 'policy transfer', differs from the latter in that it refers to voluntary transfer, whereas policy transfer can often be non-

voluntary, as it is sometimes directly or indirectly forced upon a place by (supra)national governments or organisations, or by private sector companies. Thus, they propose the use of the term policy transfer. However, not all learning or lesson drawing results in policy transfer, as sometimes negative lessons may be drawn about how *not* to proceed (Dolowitz and Marsh 1996).

Most authors, implicitly or explicitly, assume that the transfer of a certain policy will lead to the successful implementation of this policy in the adopting place. But to Dolowitz and Marsh (2000:6) “it is becoming increasingly apparent that policy transfer can, and often does, lead to policy failure. Policies that have been successful elsewhere seem to have an irresistible attraction for policy makers from all over the world. The underlying assumption is that policies that have been successful in one country (or one region, M.B.) will be successful in another.” Dolowitz and Marsh (2000: 17ff.) identify three possible reasons for how policy transfer results in failure: uninformed, incomplete, and inappropriate transfer. The first category refers to a situation where the adopting place has insufficient information about the policy and how it operates in the place from which it was transferred. Incomplete transfer occurs when elements decisive for the success of the policy have not been transferred. The failure to consider important differences between the transferring and the borrowing country in the cultural, social, political and economic environment in which the policy operates may result in inappropriate transfer. In short, unless policy makers of the borrowing region fully understand how the policy operates and *why exactly* it is successful the transfer is likely to be unsuccessful.

It seems that the North East’s recent image policy has never really taken off. There have been intermittent image-improvement initiatives in the past and the most recent attempt has been in the planning phase for four years now, and barely any of its elements has been implemented<sup>13</sup>. In my research I wanted to find out whether and to what extent this has been due to ‘poor copying’ from elsewhere or whether other reasons (such as a lack of financial resources, commitment or leadership) was responsible for the short lives of various image improvement attempts.

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<sup>13</sup> For a review of image building attempts in both regions to date see chapter 5 (Changing Images).

However, the influence of policy transfer must not be overestimated. Not all incidents of policy development (the modification of an existing policy, the introduction of a new policy or the pioneering of a new field of policy) involve policy transfer. In this case I need to treat policy transfer not as the dependent variable, as something I need to explain, but as the independent variable, and look at whether and how much policy transfer has contributed to the adoption and modification of image management. Dolowitz and Marsh (2000) stress that in the current age of easier communication with other regions and countries the exchange and the 'travel' of policies is more likely than it has been in the past.

The theme of learning from other places for the North East image strategy featured prominently in the unpublished consultation documents drawn up by One North East and the North East Regional Assembly. It has also been a recurring theme in the interviews I conducted. The background/consultation documents include references like "A useful starting point [for the image strategy] would be to learn from others" (ONE/NEA 2001b: 6), "Key to the [image] strategy would be benchmarking with other successful regions around the world" (ONE/NEA 2001a: 2) and "The Strategy has been informed by (...) a review of learning from other regions in the UK and internationally" (ONE 2003a: 4).

There is evidence that the transfer has been voluntary – that lesson drawing has occurred – even though it could be argued that some of the policies that lead to an overall political and economic climate of increased competitiveness and self-responsibility have partially been *forced* upon the region by central government. As outlined in chapter 4 the British government has shifted a significant part of the responsibility for economic well-being downwards to the regional scale, a process which culminated in the creation of regional development agencies in the English regions. Similarly, the European Union has only encouraged competitiveness between European regions but has not prescribed place marketing or image building as a competitive tool. Indeed, the EU regional policy programmes have so far not even mentioned image management as a tool of economic development (interview with a senior ERDF official) but it is worth noting that the EU

programmes for town twinnings and partnerships between regions have the explicit goal of sharing 'best practice' in policy-making and delivery. This point will be revisited later on in this chapter.

There is evidence that both administrative/institutional arrangements and knowledge of policies from elsewhere have informed the most recent image improvement attempts in the North East. On a methodological side it is near impossible to answer this question for image management initiatives that have been undertaken years or even decades ago, such as the first image campaigns in the Ruhr (from 1985) and the North East (The Great North, from 1988). This is due to the fact that very few records exist of the process which led to the campaigns, and not all of the records have been made accessible to me. Furthermore, virtually all of the persons involved in the design of these early campaigns have left the organisations and thus cannot be interviewed. Consequently, it is almost exclusively the *outcomes* of the policy process that can be examined (i.e. artefacts from the actual campaigns such as advertising motifs and other promotional material produced). It would border 'fortune telling from the coffee grounds' to infer from these promotional artefacts the processes that led to their creation and what role learning from the experience of other places indeed played in this process. There is an exception, however, in the creative director of the Ruhr Local Government Association who has been employed by the KVR since 1984, a year before the first image campaign of the Ruhr started.

At the Durham Castle event participants reached consensus that "key to the strategy would be benchmarking with other successful regions around the world." (ONE/NEA 2001a: 2). The 'steering group'<sup>14</sup> worked out a catalogue of four suggested themes for an image campaign, and comparisons with other places feature heavily in most of the themes. For example, it was pointed out by participants that to argue the case for devolution, the Scottish Parliament and the Welsh Assembly could be used as examples

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<sup>14</sup> One North East and the North East Regional Assembly recruited economic development stakeholders of the region from the Durham Castle event to take the image strategy further in an 'image steering group'. This group is composed of voluntary representatives of the public sector, private sector companies and organisations from civil society such as trade unions.

of the governmental basis of economic success. One of the instruments planned was to invite journalists for a trip to the Scottish Parliament to demonstrate the economic benefits of devolved power, and for the North East to demonstrate that it has similar aspirations, being a powerful, “unified, dynamic, and forward looking” region (ONE/NEA 2001a: 7). Obviously, the image steering group has looked around Britain and drew lessons from other regions and has identified how a devolved government, based on strong regional identity, could contribute to a strong and positive image of a region that is able to look after itself. Similarly, the section of the suggested image strategy that looks at employing the theme of culture in the campaign, suggests “benchmarking the North East against other ‘cultural’ centres. An audit of how other regions have successfully developed a ‘cultural’ image should be undertaken. Parallels should be sought with: Eire, Catalonia, Saxony, Alsace, Ardennes. For instance, Ireland would demonstrate that tax breaks for film and music industry can succeed” (ONE/NEA 2001a: 9).

Asked in the interviews how they would like their place to be perceived, most economic development organisations compared their localities to places that already have a positive image. Many interviewees mentioned how they would like their place to attain the success that other places have already achieved: “We have a desire to replicate what has happened at Research Triangle Park in Durham, North Carolina, our other twinned area. They saw the opportunity and have projected from a rural, agricultural plantation community 40 years ago to where they are recognised now as being at the forefront of research and technology” (Phil Eadon, Marketing Director, County Durham Development Company).

There was concern amongst some participants of the image strategy steering group about what they perceived as a lack of lesson drawing from successful image campaigns elsewhere or about uninformed, incomplete and inappropriate policy transfer: “What [the draft of the regional image strategy] doesn’t do is begin to compare or contrast this region with places like Ireland, Catalonia, city states, and areas like Bilbao or Lille, which are very interesting post-industrial economic regeneration areas. There are all sorts of

examples we could look at. (...) We haven't done enough benchmarking with similar and dissimilar experiences in turning around an image." (Ross Forbes, Director of Human Resources and Communication, Atmel UK). Other places made culture the driving force in their regeneration, and the Northumbria Tourist Board undertook benchmarking against "other cultural centres, drawing on parallels of experience between Southern Ireland, Catalonia and Saxony." (ibid)

It seems that the main reason for the up-to-now failure of the latest North East image building effort lies in incomplete transfer. Both interviews and consultation documents suggest that a wide range of information was sought about how image policies operate in other places. In other words, the transfer has *not* been uninformed. The answer to whether or not the transfer was inappropriate is less clear. It is largely unclear whether important differences between the North East and places examined in the cultural, social, political and economic environment in which the policy operates have been overlooked. It seems that the main reason for the failure lies in the fact that one policy element that in other regions has proven crucial for success had not been transferred: the longevity of image campaigns. This is despite the consultation documents making frequent reference to the fact that any image building effort must be sustained over a long period of time, five to ten years. In practice, however, the first visibly implemented part of the North East image strategy, the "Here. Now." campaign, lasted for no more than a few weeks. Some possible reasons for this short-livedness have been identified earlier on in this chapter, as well as in chapters 5 and 6. They include a lack of financial investment, a lack of stakeholder interest and commitment, and the absence of a forum for comprehensive yet genuine and deep consultation. The contribution of a possible lack of leadership to this failure will be examined in the next chapter (Leadership).

Members of the image steering group had drawn some very concrete lessons from other places, such as the need to target the own population first before addressing the actual target groups outside the region. "If you look at other successful campaigns such as Dublin and Barcelona, they have concentrated on instilling a sense of pride and

achievement within their own area first and then gone out and told the world" (Gary Cunningham, Director of Public Relations, Procter & Gamble, Newcastle).

As noted in the policy learning literature it is not only policies that 'travel' but also institutional arrangements are transferred in the hope to replicate the success of other places. It could be argued that the very creation in 1986 of the body that ran "The Great North", the NDC, had occurred as a reaction to the set-up of Scottish Development Agency in the late 1970s (pers. comm. with John Tomaney, Professor of Governance, Newcastle University).

Dolowitz and Marsh (1996:345) identify six main categories of actors involved in policy transfer: elected officials, political parties, bureaucrats/civil servants, pressure groups, policy entrepreneurs/experts, and supra-national institutions. In the case of the Ruhr and North-East England, some of those groups seem to have more influence than others (see figure 7.3). There needs to be a distinction between direct and indirect influence. Pressure groups and policy experts, for example, could exert influence indirectly through promoting an environment of competitiveness that is amenable to image improvement efforts rather than push image improvement itself onto the agenda. In this way, groups that are not involved in the formal consultation process can also influence the decision-making process. As examined in the previous chapter (Governance), in the Ruhr large companies based in the region and their associations (most prominently, the *Initiativkreis Ruhrgebiet* [IR]), have been consulted largely outside the KVR, the formal framework for image policy-making.

Both regions have no elected officials as they have no regional government. GO-NE is a regional office of central government. ONE North East as a quango is directly accountable to central government even though it has to consult with and take in the views of the regional interests represented in the Regional Assembly. Neither One North East's nor the Regional Assembly's members are elected by the people but they are appointed (Robinson et al. 2000: 52ff.). In the Ruhr, the governing board (*Verbandsversammlung*) of the only regional public body, the KVR, consists of elected



officials, but these have not been elected by the people but by the local and district councils they represent (KVR 2003a). Thus neither region has a regional government consisting of elected officials. However, both regions have a regional body which consists of directly elected local government councillors<sup>15</sup>.

	North East England	Ruhr
<i>Elected officials</i>	Both regions have no elected regional government and thus no elected officials	
	However: KVR is controlled by a 'regional parliament' of councillors elected by their local government to act as representatives. Officials of local governments represented in NERA (but appointed to rather than elected into NERA)	
<i>Political parties</i>	Unclear. However, regional politics dominated by Labour	Some evidence of increasing influence of political parties on KVR. KVR now 'bone of contention'
<i>Bureaucrats/civil servants</i>	Yes. Seem to be the driving force	
<i>Pressure groups</i>	Limited evidence	Strong evidence of initiative from private sector company associations such as IR
<i>Policy entrepreneurs/experts</i>	Advertising agencies, business consultancies	
<i>Supra-national institutions</i>	EU: image improvement not specifically recognised as an economic development tool	

**Fig. 7.3:** Involvement of groups of actors in image management

Source: adapted from Dolowitz and Marsh (1996)

There is some evidence that the influence of political parties on regional bodies is growing. Since the Labour party has been dominant in the North East for the last four decades there is little question that regional institutions such as the Regional Assembly which are composed of local government members are heavily influenced by party politics. The Ruhr had until 2000 been in a similar state of domination by the SPD (Social Democrats), but the local elections in that year resulted in the CDU (Christian Democrats) now having the majority in the KVR governing board. It emerged from the interviews and press articles that this has shook up the KVR's work as consensus is now

<sup>15</sup> It could be questioned whether in the case of the North East they have really been elected by the people,

harder to achieve. Some observers concluded that these changed power relations (and a resulting increased scrutiny and justification of budget spending) are responsible for the recently slow progress of image building efforts, whereas the period of 1985 to 2000 had seen two sustained image campaigns, the first of which had lasted for ten years. Overall, it can be said that while the opposing parties are generally unlikely to disagree on the necessity of image building they have been using the KVR as an instrument to pursue party politics. However, from the consultation documents and interviews there is little evidence for political parties to be involved in policy transfer.

Bureaucrats and civil servants seem to be the driving force of image building. In both the North East and the Ruhr the lead persons of the organisations involved in the RIS have professional experience of marketing and/or communications from previous job. For example, the Regional Assembly's head of public relations has had the same position with Newcastle airport, and the creative director of both of the KVR image campaigns had previously been a university lecturer of communication studies.

There is limited evidence that business pressure groups have played a role in the adoption of an image strategy in the North East. This may be due to the fact that the companies in the region lack a powerful and well-funded representation. In contrast, in the Ruhr companies have been one of the driving forces in the adoption of image improvement initiatives. This may be because a substantial number of Germany's biggest corporations are headquartered in the Ruhr, whereas the North East contains very few such headquarters. Most prominently, the *Initiativkreis Ruhrgebiet* (IR, Ruhr Initiative), an association of the Ruhr's largest companies (including but not limited to those headquartered in the region) played a major role in 'pushing' image improvement onto the agenda. The second organisation, *pro Ruhrgebiet*, a non-profit organisation representing the Ruhr's smaller companies, is less actively involved in the image management process, mainly due to a lack of human and financial resources.

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given turnouts in the 2000 local elections between 19.2 and 51.6 % (Robinson et al. 2000:37)

As far as the role of a location's image is concerned, the vast majority of companies interviewed viewed image as being important for staff recruitment. The most common line of reasoning was that highly skilled workers had a choice of where to work and if they held an unfavourable perception of the Ruhr or North East England they would decide against accepting a job with a company that is located there. Some companies also have the general desire to be seen to be coming from a successful, vibrant region. Thirdly, a few company interviewees also mentioned the desire to be seen as a good corporate citizen.

The interest of Ruhr companies of working towards an image change partly stems from the fact that most of the old-established companies have undergone a similar image change. 'Steel-making-turned-high-tech' companies such as Thyssen-Krupp (advanced steel products), RWE (Germany's biggest energy corporation) and RAG (part of their portfolio is the only remaining coal mining in the Ruhr) are determined to turn around their image "from old-fashioned, mono-structured, inert and administrative to modern, flexible, innovative, dynamic and entrepreneurial" (Axel Schappei, Director of Communications, RAG). All of the major old-established companies are or have been undertaking an image 'make-over' – which in most cases involved extensive advertising campaigns – and have input their private sector expertise into the Ruhr's image strategies (Herr Dirks und Herr Storch, Department for Economic Development, City of Bochum). In addition to sharing expertise the private sector has also played a driving role in the re-design of regional and local institutions along entrepreneurial lines (see below).

In the Ruhr a certain degree of knowledge about image management and its importance came from what Dolowitz and Marsh (1996) call policy entrepreneurs such as business consultancies and advertising agencies. McKinsey was involved in the image campaign of the city of Dortmund. The Ruhr's first image campaign, 'Ein starkes Stück Deutschland', was heavily influenced by previous campaigns of the advertising agency involved (Butter 1997). Business consultancies also played a major part in facilitating learning about image management through the promotion of competitiveness and

entrepreneurialist ideas, and the resulting restructuring of public administration and their activities. There is no evidence for involvement of this kind in the North East.

Rose (1993:105) argues that the EU “promotes comparison (...) so that member states can become aware of what their competitors are doing and decide which elements of foreign programs they may wish to copy or adapt.” However, my analysis of official EU literature and interviews with the EU commission revealed that place promotion in general and image management in particular are not specifically recognised in the ERDF guidelines as a tool of economic development (EU Commission 1999, and two senior ERDF officials who wish to remain anonymous). Accordingly, the DG Regio does not specifically recommend image improvement but it does financially support it, if desired by a region, as part of the individual programme agreed between the region and the EU Commission. As a senior director of the EU Commission for Regional Development said in an interview: “We have never prohibited image campaigns but we also haven’t encouraged regions to undertake them. Up to now no region has asked us to fund image management or image campaigns”.

The EU also supports strategic partnerships between towns and regions of different countries. For example, the North East is currently negotiating a strategic partnership with the Czech region of Moravia-Silesia which also is an old-industrial area with similar problems of economic and social restructuring (NEA 2003). Many local governments in the North East and the Ruhr are twinned with towns and cities in Europe and the US. Most of those partnerships seem to exist with a foreign place of equal standing, facing similar challenges of economic and social restructuring. For example, Middlesbrough is twinned with Oberhausen in the Ruhr, and both cities contain the highest concentrations of remaining traditional industries within their largely ‘post-industrial’ regions. Sunderland is twinned with Essen, the Ruhr’s biggest city, County Durham with Kreis Wesel, a district at the edge of the Ruhr, and with Somme-Picardie in France. Both are struggling ex-coal mining communities. Apart from cultural exchange, these twinnings are being used as a platform for exchanging ideas of how to cope with restructuring, as there are frequent visits from city and county council officials.

In most cases the voluntary adoption of policies from elsewhere stems from a dissatisfaction with the current situation (Dolowitz and Marsh 1996: 346). Similarly, Benz and Fürst (2002:27) observe that “regions can be pressed to learn by crisis situations. The decline of industries regularly destroys traditional patterns of perception and delegitimizes the power of those linked to old industries while new actors gain political support”. As long as the traditional routines are functioning properly regional actors tend to see no need to search for lessons. There is a problem, however, with the definition of “functioning properly” and “dissatisfaction”. Dissatisfaction usually results from a perception – by politicians, unelected actors of economic development or by the public – of policy failure. Both in the Ruhr and North East England at some point in time the perception arose that an unfavourable image of their own region might hinder economic development in general and inward investment in particular.

“The whole region itself has changed dramatically (...) And in the next ten years it will have changed dramatically if everything is put into place that we’re anticipating. You can’t do that if you don’t change the image. Because if people then still think, oh, the North East, alright, they build ships and they send people down the mines and they’re all working-class living in back-to-back terrace houses – all the things that are associated with the poverty of the past – then you’ll be unable to achieve anything. Because if that’s the impression that potential investors have of our region, why then would they choose to come here? So we’ve got to *convince* them that things have actually moved on and that we have an awful lot more to offer than they think.” (Ruth Laing, One North East Communication Officer)

While the underlying reason for the image campaign in the North East was the need to update public perceptions and to cope with greater self-responsibility for the prosperity of the regional economy, the defining moment in the Ruhr was a deep and desperate economic *crisis*: Udo Thies, the KVR’s leading figure of the ‘Ein starkes Stück Deutschland’ campaign (1985 – 1995) says that “in 1985 local politicians said that the Ruhr is doomed unless the federal government comes to its rescue.” Similarly, the Head of Communications of the KVR, Dr. Dieter Nellen, reports that “in the early eighties there were feelings of doom. ‘The Ruhr is an end-of-range model! Leave while you can!’ We had to do something against this.” It seems that this widely-felt crisis (“Things couldn’t get any worse”, Dr. Nellen) motivated the regional actors to join efforts to

design and implement an ambitious image campaign. Traditional industries were closing down on a great scale, and the 'old' image was seen as unhelpful in diversifying the economy and attracting new investment (Peter Meurer, managing director of Duisburg economic development company). As the Ruhr's image improved over the years and a new, more controversial image campaign (1998-2000) had started, however, support for the joint image efforts declined, especially at the edge of the Ruhr where some local authorities would prefer to be associated with neighbouring areas rather than the Ruhr. For example, Duisburg is now keen on being seen as part of the 'Lower Rhine area' together with successful cities such as Düsseldorf (ibid).

The feeling that being an Objective 1 region was stigmatising was felt by many economic development practitioners in both regions: "If you think of Objective 1, with all respect, you think of the south of Italy, the new Länder, parts of Spain. Those regions are being associated with poor infrastructure and collapsed industries. I can see Objective 1 being a bit of a turn-off, really." (Juan Arregui McGullion, European Liaison Officer, North of England Office, Brussels).

Bingham and Mier (1997) report a widespread dissatisfaction with traditional instruments of place marketing such as expensive grants or subsidies or the costly redevelopment of physical infrastructure. However, this dissatisfaction did not seem to be the motivation for taking up image strategies in either of the case study regions. There is a strong perception, however, amongst the organisations involved in image management that changing the economic base and the physical appearance of the region would be useless unless accompanied by an image improvement programme to instil the 'new realities' into the heads of the region's population and of corporate decision-makers.

The adoption of policies can also be forced onto a place (coercive transfer, Dolowitz and Marsh 1996). While direct coercive transfer usually only occurs to Third World countries dependent on donor countries and organisations (such as the World Bank), *indirect* coercive transfer can occur in economically advanced countries through externalities or functional interdependencies. My interviews revealed that the perceived need to

formulate and implement an image improvement campaign often results from the simple fact that most 'competitors' already had such a policy in place, resulting in a fear of 'being left behind' or being 'the odd one out'. Furthermore, the rationale for supporting such a campaign often stems from actors having internalised the deeply-rooted normative discourse of the need for competitiveness, incorporated in key concepts such as entrepreneurialism, neo-liberalism, efficiency, and the 'lean state'. Place marketing in general and image management in particular can be seen as one of the properties of a turn towards entrepreneurial policies in Western economies.

Painter (1998) argues that entrepreneurial policies in a place do not occur naturally. The adoption of a policy such as an image strategy is a learned, adaptive behaviour, deeply rooted in the ideology and in the shared belief in entrepreneurial strategies. How did the regional actors in both of my case study areas learn that image management is 'necessary'? Was it just the negative experience of an unfavourable image having deterred inward investors in the past? Or is it an idea that has been 'implanted' into the actors' conscience by strong normative discourses? Who or what made regional actors think along those entrepreneurial lines? Painter (1998: 269) points at a "strongly disciplinary discourse that threatens the loss of potential future investment to 'foreign' locations unless 'competitiveness' is maintained." As outlined above, the perception that the current or previous negative image had deterred investors clearly was a reason for the adoption of an image strategy. But the interviews revealed that often place promotion practitioners in both regions could not really give a particular reason as to why they were undertaking image improvement initiatives. Comments such as "we just felt we had to do it", "there somehow was a feeling that image is important" or "we thought if we are to be a modern, entrepreneurial region we have to have a good image" were common, especially at the local government scale.

Also, changing investor behaviour (see Tsing 2000) could force regions to change the way they market themselves to potential inward investors. As Painter (1998: 271) notes, "the nature of private business has changed (perhaps from a more monopolistic, corporate form to a form which is prepared to accept higher levels of risk for the prospect of very

high returns).” This topic has been discussed in detail in chapter 2 (Research Focus), and clearly economic development organisations have reacted to this perceived change.

The body of previous research on policy transfer or policy learning on the regional level is very limited. Most studies were carried out at the scale of the nation state (Dolowitz and Marsh 1996). Virtually all existing studies look at policy transfer as a process of one country learning from another, but inter-regional relations are mostly ignored. Benz and Fürst (2002:3) look at how actors *within* a region learn from each other, and how conditions fostering this process can be created. To them, “regional policy learning is a special case of policy learning: it is a process of collective learning geared to a strategy of regional development with those actors participating who contribute to regional development.” (Benz and Fürst 2002:22). A second characteristic that distinguishes regional policy learning from policy learning is that in the former, “the territory is the field of reference, not single projects.” (p. 22). They also point at the fact that regions (territorial units above local authorities but below the nation state level) are only weakly institutionalised if at all. This certainly is the case for North East England, and to a certain degree for the Ruhr as well.

To Benz and Fürst (2002), whether or not policy learning is successful depends on specific structural characteristics of the regional networks, but also on the cognitive dispositions, orientations, strategies and interactions of the regional actors. One of their central claims is that autonomous regions are better able to learn, an argument which has been examined in the previous chapter on Governance. One of the elements of the dispositions named by Benz and Fürst (2002) is the presence or absence of leadership. This will be examined in the following chapter.



### 7.3. Summary

This chapter has looked at intra- and inter-regional learning. The first part examined the role of (social) learning in the process of the formulation of an image building strategy. It became obvious that in both regions deliberate attempts were undertaken to consult a range of stakeholder interests, but the mode of consultation has been rather different in the two regions. In the Ruhr, this process largely occurred within the institutional routines of the lead agency, the Kommunalverband Ruhrgebiet, KVR. The negotiation work was undertaken in the Committee on Sport, Culture and Marketing, and the Committee's suggestions were then passed by the Plenary Board, which is under the democratic control of both local authorities and the organised interests of both employers and unions as well as a limited number of representatives from the civil / voluntary sector. In addition, owing to their ability to contribute large sums of money to the image building process, private sector initiatives that were not represented in the KVR's formal decision-making process were consulted outside these structures. However, overall stakeholder consultation seemed to be less intense than in the North East, where the process was much less formalised. The need to consult widely without formalised routines and without even a sufficiently robust policy network opened the process of the formulation of a Regional Image Strategy very much to debate, and could be seen as one of the reasons for the slow progress of the RIS. The lead agency One North East was forced to undertake additional rounds of stakeholder consultations to ensure consensus on the contents of the strategy and co-operation in its delivery.

The second part of this chapter looked at whether and how the image building efforts in the two case study regions have been influenced by policies in the same field elsewhere. Crisis was identified as one of the central factors that made the regions look for unorthodox, new tools of economic development and inward investment promotion. It became apparent that learning from the experience of other places particularly occurred in the North East, where the RIS involved benchmarking with successful regions. This process was much less pronounced in the Ruhr, where expertise had been introduced into

the lead agency KVR through the employment of PR professionals and through the input of experienced advertising agencies.

The next chapter will expand on the examination of learning and look at the contribution of leadership to the development and implementation of image building efforts. As examined in this chapter, the structural bases of learning differ between the two regions, and chapter 8 will examine whether or not and by whom opportunities for leadership present in the current systems of learning and governance are being seized.

## 8. LEADERSHIP

*Leadership is the art of getting others to want to do something you are convinced should be done.*  
(Kolzow 1990: 20)

### 8.1. Introduction

This chapter looks at whether and to what degree the image strategies that regions develop are being influenced by some person or organisation taking the initiative. Who are those leaders, and why are they important? This chapter builds on two previous chapters: governance, as leaders can be seen as those in (in)formal control of regional economic processes; and learning and policy transfer, as leaders can be influential in proposing new procedures and policies that have been successful elsewhere.

My original thesis plan did not include a chapter on leadership, but in the process of undertaking the research I found that with their strong focus on structure, theories of governance and learning alone cannot fully explain the formulation and execution of image building strategies. Both regions felt the need, albeit at different times, that image improvement is necessary. The perceived necessity of a strategy in this policy area has been circulating in both regions for some time, especially in the business communities, but during the research process it became obvious that in both regions it took the leadership of charismatic individuals of moral integrity to bring all stakeholders together around one table. As examined in the previous chapters, both regions were marked by tensions, arising in part from national-local power struggles and the re-scaling of governance, but also from a clash of vested interests of economic development stakeholders. It became clear that without the unifying force of regional leaders it would have been unlikely that the stakeholders in each region would have started to seriously consider and negotiate joint efforts to overcome the economic difficulties. One of those options was image management. Who in the two case study areas was able to create a shared sense of purpose in the political and business communities? Two leaders were

particularly influential and brokered first consultations between public and private sector and civil society: Cardinal Hengsbach of the Diocese of Essen, and Bishop Turnbull of Durham. There were also a number of leaders in the business community who were crucial for obtaining organised business input into the regional image building efforts.

It is often contended in the globalisation debate and in the urban and regional economic development literature that regions are at the receiving end of global economic processes. Accordingly, regional economic conditions are constrained if not determined by factors that are largely outside the control of regional stakeholders. This, view, however, does not withstand scrutiny. Amin (2002) and most contributors to Vellinga (2000) clearly demonstrate that regional stakeholders can indeed affect the environment in which economic development takes place and even exert influence on higher levels of economic realms such as policies on the nation state level and international treaties. Judd and Parkinson (1990: 14) criticise that in many studies “little significance was attached to the role of human agency in accelerating, retarding, or reversing the process of economic change.” They go on to contend that places are not “helpless pawns of international corporate elites” (Judd and Parkinson 1990: 14). Globalisation not only *affects* regions but it is also *made* there, even if the two categories are not always located in the same place. It could be argued, for example, that old-industrial regions have very little room for manoeuvre because governmental and private-firm decisions that shape these regions are largely made outside their borders. It is certainly the case in Britain, and to a degree in Germany, that the nation state and the EU are the places where the dominant economic and state-distributional power is held. Secondly, old-industrial regions often lack a successful institutional framework for leadership. However, public officials in regions cannot be seen as merely reacting to external pressures and “shoot[ing] anything that flies, claim[ing] anything that falls” (Rubin 1988, quoted in Reese 1997: 225). Instead, similar global pressures and constraints have often produced highly place-specific outcomes, “leaving local leadership enough room to be agents of their own destinies even in cases of severe economic constraint” (Reese 1997: 226).

Diametrically opposed to the notion of globalisation as a one-way scalar downward process and located on the other end of the structure-agency continuum is the “Great Men” theory (cf. Chemers 1997, Gleitman, Fridlund and Reisberg 1999: 518-521) which argues that if it had not been for these men (as they mostly were in the Western world until recently) the fate of a certain nation or region would have taken a different political path, following a different development trajectory. Admittedly, this theory has been developed out of and applied to historical figures such as Napoleon, Ghandi, Lenin or Hitler, but parallels could be drawn with contemporary regional leaders such as Jordi Pujol, who during his 23 year-long presidency of Catalonia transformed what was then an administrative province in a highly centralist and unitary state into an autonomous region within a now de-facto federal Spanish state (The Economist 2004a: 37). Another, though much less successful example, is Umberto Bossi, leader of the separatist Lega Nord, who gained popular support for demands for an independent state for Italy’s rich northern provinces. While these regional leaders are associated mainly with their region’s struggle for greater political and cultural autonomy, this chapter looks at the more mundane process of leadership in economic development and, more specifically, image building efforts in inward investment promotion. It is clear, of course, that politics and economics are mutually dependent as economic development strategies are linked to a wider socio-economic context, and image building efforts can themselves play a vital part in any campaign for greater regional autonomy.

In a rare case study on the role of leadership in the sub-national context of urban regeneration in general, Boyle (1990: 114) found, in the case of Glasgow, a high mutual dependency of leadership and structural factors:

“Perhaps the only certain conclusion from media and academic attention on the city is that change cannot be attributed to any single cause or decision. (...) Similarly, the search for the key politician or city official or leading businessman tends to exaggerate the personality factor as an ingredient of urban change. Rather, the improvements that have attracted attention to Glasgow are illustrative of a much more complex and possibly fortuitous combination of chance, historical circumstances, political, economic and social context, national policies, and local endeavour.”

This chapter will look at evidence for the leadership (agency) elements in the explanation of recent image-building efforts, embedded in the context of governance (structures)

outlined in chapter 6, Governance. It will conclude with an analysis of whether leadership in the image building process is contingent on situational circumstances in the region such as wider socio-economic processes and governance structures. Could it be argued that leaders had little choice but to adopt image building for two reasons? Firstly, as examined in the section on corporate decision-making in chapter 2, there is evidence that investor behaviour has become more image-led as pressure on profitability increases and as the patterns of traditional competitive advantage of towns and regions are gradually being eroded through the “ubiquitification” of now ‘standard’ locational factors (Maskell and Malmberg 1999) such as good transport infrastructure, a highly skilled and adaptable workforce, financial incentives and, more generally, a good ‘investment climate’ with regional policy-makers and bureaucrats having a positive attitude towards firms in general and inward investment in particular. Secondly, both regions had strong normative discourses of competitiveness, where many economic development policy makers and practitioners were motivated in their support of image campaigns by the desire to ‘keep up with fashion’ and to ‘do what has to be done because it is being done by other regions’.

Chapter 6 has examined the impact of administrative and governance structures on the image building process. Bryson and Kelley (1978) found that rapidly changing environmental factors increase the potential for leadership. I would therefore expect that in North East England the potential for individuals and organisations to lead on the issue of image management is greater than in the Ruhr as the North East currently experiences a period of profound changes in political and economic governance. While these structures certainly are a central part of the explanation their nature cannot account for the full extent of change. This led Rudeng (1989), in one of the earliest systematic accounts of leadership in regional development, to criticise previous research as being too strongly structure-oriented. To offer a more balanced view this chapter therefore examines the role of a particular case of agency and looks at issues of leadership of individuals and between organisations engaged in image building.

## 8.2. Key concepts

Parkinson and Judd (1990: 10) report their experience of scholarly debate at a 1990 conference on leadership and urban regeneration, concluding that

“Leadership is an elusive phenomenon. We found it relatively easy to discuss the restructuring of the world economy and the changes in national policies toward cities. We were able to describe the impact of economic change on cities (...). But the cities discussed at the conference responded to the changes in very different ways. What role did leadership exert in defining the responses? Answering that question turned out to be difficult indeed.”

To arrive at a clearer idea of what constitutes leadership it is therefore necessary to define the key terms first. Distinguishing two different objects of analysis, leadership can be viewed as both process and property: “As a property, leadership is seen as a set of characteristics – role behaviors and personality attributes – that make certain people more effective in attaining a set of goals. As a process, it is seen as an effort by a leader, drawing on various bases of power<sup>16</sup>, to influence members of a group to direct their activities toward a common goal.” (Kets de Vries 2001: 8574). The object of analysis of this chapter is the latter – starting from the contention that the current image management process in the two regions did not come out of a vacuum this chapter is concerned with finding out who was the driving force behind a more co-ordinated image effort.

Secondly, the emphasis of this section lies on non-constituted leadership as opposed to institutionalised leadership<sup>17</sup>. Elgie (2001: 8578, drawing on Tucker [1981] and

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<sup>16</sup> The term “various bases of power” is crucial here. According to another definition (Elgie 2001, see below), leadership is a largely non-coercive process. Thus I want to concentrate here on persuasion and convincing as the major tools, as opposed to the use of strictly coercive methods in hierarchical structures. A common, nominally non-coercive method is the use of ‘carrots’ such as financial incentives. In the Ruhr, ‘Projekt Ruhr’ was set up by the Land government specifically as a ‘networking agency’ to foster common projects between Ruhr cities and counties. In the current time of financial austerity local governments can more easily be enticed with financial incentives. For example, Projekt Ruhr is giving financial assistance to local governments only on the condition that they work together with other local governments in the area. ‘Carrots’ like these are, for the Land government, the only viable way around coercive methods as ‘sticks’ could easily be identified as an blatant attack on the constitutionally guaranteed planning powers of German local governments (cf. chapter 4, Regional Case Studies).

<sup>17</sup> Note that the use of the term “institutionalised leadership” is a deliberate departure from the term “institutional leadership” which is commonly used in the literature. The latter term is conventionally used to refer to the formal powers of leadership granted to a person by his or her holding of a high office

Kellerman [1984]) points to the fact that formal and de-facto leadership do not necessarily coincide: “Leadership does not have to be exercised by leaders and, secondly, (...) there can be leaders who do not lead.” The first situation refers to leading by persuasion, the second situation to the fact that occupying a high office (complete with formal power and authority) in a hierarchically organised organisation does not automatically make the office holder a leader (see figure 8.1). The latter group of “people are still (...) leaders in the institutional sense of the term, but they are unable to influence others and exercise leadership in the behavioural sense of the word” (Elgie 2001: 8578).

Dimension	The concept of leadership in a	
	behavioural sense	institutional sense
Actual form of leadership	De-facto	Formal
Source of authority	Moral authority, power of persuasion	Hierarchy
Main mechanisms of delivery	Negotiation, consultation, convincing, persuasion, sometimes 'hidden' coercion	Orders, pressure, coercion, also persuasion
Coerciveness	Non-coercive	Coercive and non-coercive
Main disciplines with this focus	Psychology, sociology, anthropology, business and management	constitutional law, public administration, political science

Fig. 8.1: the two basic concepts of leadership

Source: author's own work, based on Elgie (2001), Kellerman (1984) and Tucker (1978)

Both categories of leaders, or groups of leaders (also referred to as elites), allude to the notion that leaders (or elites) occupy their status not only because of factual power, but more because of their ideas and their perceived integrity. According to Bock (2001), leaders gain their drive from their power of persuasion and ability to initiate discussions and mediate consensus. In other words, leaders use co-operation rather than hierarchy, persuasion rather than command (Comperl 2001). “In this sense, leadership is a reciprocal and essentially noncoercive relationship.” (Elgie 2001: 8578). Leadership is often

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whereas I use it here to refer to leadership carried out by institutions, thus referring to the authority granted to a person by his or her holding of a high office as “institutionalised leadership”.



“exercised by someone who does not occupy a formal position of authority. For example, social movements are often formed by individuals who are able to articulate demands which are latent within a community. By creating a sense of mutual purpose towards a particular goal, political leadership is present. (...) It is often exercised by unelected people who do not hold any formal office, (...) Martin Luther King being a prime example.”

The power of persuasion often stems from the leader having a ‘vision’, or at least being able to convince others that (s)he has one. The other quality of a leader is integrity, built on the followers’ notion that the leaders are not primarily motivated by own interests or the interest of an organisation they belong to. For example, in both the Ruhr and North East England the leadership of a bishop was crucial for inducing regional stakeholders to seriously consider an image strategy.

### **8.3. Leadership in organisational networks**

According to Chemers (2001: 8580) “leadership is a process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a task or objective.” This is a rather loose definition and different strands of leadership research work with different definitions. There are two broad categories into which most of the existing body of research can be divided: leadership within organisations, and political leadership. The first category is almost exclusively concerned with leaders of commercial private-sector companies whereas the second has traditionally focused on top-level politicians, most notably US presidents. Both categories have the disadvantage that they are looking at one-on-many or many-on-one interactions (Gleitman, Fridlund and Reisberg 1999: 506-521) in distinctly hierarchical or power-asymmetrical relationships such as CEO-employee or president-electorate. In contrast, the situation in “self-organizing, interorganizational networks” (Rhodes 1997: 53<sup>18</sup>) is often one *inter pares*, between leaders of organisations. Consequently, a fusion of leadership and elite theories

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<sup>18</sup> Prominent scholars of governance such as Rhodes (1997) and Jessop (1997) use the concept of the self-organisation of inter-organizational relations to characterise a trend in governance towards an increasingly complex co-ordination of activities between an ever-increasing number of organisations involved (which

is needed to explain leadership in image-building as this process potentially involves – if it is to be consistent and successful – a plethora of organisations in a changing environment of governance structures. Accordingly, my working definition of leadership has to be modified as follows: “Leadership is a process of social influence in which one person is able to enlist the aid and support of *other leaders* in the accomplishment of a task or objective.”

Another problem with economic and political leadership theories is that the foundation for leadership is based on legitimacy: a leader is in a position of formal power either because (s)he is the owner and/or chief executive of a private-sector company, or an elected politician. Concepts of political leadership cannot really be applied to the study of image management because many of the leaders of this process are unelected bureaucrats. In a survey of leadership in local economic development Reese (1997) found that both elected officials and unelected professionals are in the key positions of economic development.

Within the two dominant foci of leadership research (within organisations versus political leadership) initial studies concentrated on the leaders’ personality traits in an effort to find commonalities present in all leaders. It was only later that research took into account structural variables of their organisations, trying to establish in which situations leaders can thrive and take the initiative. The most recent and most relevant approach in the context of this thesis is the environmental approach, which has sought to explain leadership through variables in the wider environment of both the leader and the organisation. The contingency approach tries to combine individual, structural and environmental factors of influence into multidimensional models of explanation.

As mentioned earlier on, leadership research has predominantly focused on the superior-subordinate relationships of leadership in organisations (as opposed to more fluid relationships between organisations), and on political leadership on a national scale.

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are increasingly specialised in the design or delivery of narrowly defined policy areas). For a full explanation see chapter 6, Governance.

There has been little effort to date to examine connections between leadership and institutions. The question “to what degree does leadership affect the creation of institutions, the process of institutional change, and therefore policy outcomes?” largely remains unanswered (Elgie 2001: 8579). Thus, the evidence for the implications of leadership for inter-organisational relations is thin. Power approaches to the understanding of leadership could still provide clues to inter-organisational leadership in image building as they

“(...) seek to explain leadership effectiveness in terms of the amount and type of power possessed and exercised by leaders. A classic distinction of forms of power was presented by French and Raven (1960):

- reward and coercive power, that is, the capability to offer incentives and to make use of organizational sanctions;
- legitimate power, when followers believe that the organizational or positional power over them is rightful;
- expert power, when high experience, knowledge, or ability are attributed;
- and referent power, when a person is referred to, or group norms are identified with, due to appealing personal qualities or values systems.”

(Brodbeck 2001: 8571, added bullet points)

An added benefit of this approach is that it incorporates the other side of the structure-agency debate, the situational variables, in its realization that the extent and nature of leadership is highly context-specific, not least with regard to existing institutional and organisational frameworks in the two case study areas.

Building on the power approach, Lukes (1974, p. 24) contends that power is often exercised in a subtle way, being aided by strong normative discourses:

“[Lukes] argued that power can be used to shape perceptions, cognitions, and preferences to the extent that individuals accept their role in the existing order of things, either because they can see or imagine no alternative to it, or because they view it as natural and unchangeable, or because they value it as divinely ordained and beneficial. Consequently, the study of power cannot be confined to observable conflict, the outcomes of decisions, or even suppressed issues. It must also consider the question of political *quiescence*: why grievances do not exist; why demands are not made; and why conflict does not arise.” (Hardy 2001: 10956, original emphasis)

This definition coincides with Foucault’s concept of systemic power which lies in the “power of the system in the unconscious acceptance of the values, traditions, cultures and

structures of a given institution or society” (Hardy 1994: 230). More specifically, systemic power is based on “sets of power relations that are deeply embedded in the taken-for-granted rules and practices that constrain action.” (Hardy 2001: 10958).

This begs the question whether image building is uncritically assumed to be necessary. As examined in the previous two chapters, there has been a powerful normative discourse in the two regions, especially in the North East, of entrepreneurial policies being ‘natural’ ‘inevitable’, ‘unavoidable’, or simply ‘necessary’. This may facilitate leadership, as leaders can rely on a broad, sometimes implicit, consensus. Territorial applications of this explanation have been the theories of ‘growth coalitions’ (Logan and Molotch 1987), ‘growth machines’ (Molotch 1988), ‘class alliance’ (Harvey 1985) or ‘urban entrepreneurialism’ (Harvey 1989), whereby powerful territorial actors have taken control of the agenda, and ‘monopolised’ discourse, thereby suppressing dissident views or preventing opposition from arising in the first place (for a discussion of this phenomenon in North East England, see Robinson 2002). In their survey of case studies on the role of leadership in urban regeneration Judd and Parkinson (1990: 22) point out that governing elites “may be limited by their own vision or ideology.”

It seems that the message of the necessity of image management fell on fertile ground and was easily picked up by leaders in both case study areas. While there was considerable discussion over on what scale and by which methods image management should be undertaken, there was little doubt and no opposition as to whether image management is indeed necessary. Image improvement is enshrined in the North East’s Regional Economic Strategy (ONE 1999, ONE 2002a), both as contained within a cross-section of measures and as an economic development and inward investment promotion tool in its own right. The sub-regional economic development partnerships happily accepted the necessity of an image campaign; the only criticism came from academics such as Professor Fred Robinson (University of Durham) who traced the region’s history of “suspending disbelief” and “subduing opposition” back to the NDC’s first image campaign ‘The Great North’.<sup>19</sup>

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<sup>19</sup> This claim has been examined more closely in chapter 7.2, Policy Learning

The Ruhr has had a similar history of consensual politics albeit with a stronger corporatist character, where much of the promotional work has traditionally been undertaken by the Ruhr's large private firms. Accordingly, private sector companies have been leading the push towards a more systematic image management process, a message which was readily accepted by virtually all economic development stakeholders of the region, including local authorities, many of whom had already been involved in image building activities themselves. None of the interviewees in the Ruhr questioned the *need* for image improvement, even though, just like in the North East, there was considerable debate especially as to what was the appropriate *scale* for such promotion, and what *techniques* should be employed. A more detailed discussion follows below.

Bachelor and Jones (1993: 15) argue that "different leaders with differing abilities will exploit the situation differently, and different outcome will be produced". Unfortunately – as Reese (1997: 231) remarks – "the literature is essentially silent on the relationship between (...) leadership and economic development outcomes." However, there is some research on the *process* of leadership in economic development. Baumgartner (1993) noted that new, emerging policy fields usually leave more room for inventive leadership than do issues that are well-defined and well-understood. Such periods of change "are ripe for leadership as prior problem definitions and solutions are challenged" (Reese 1997: 236). Image management is a relatively novel policy field and thus is likely to be more open to leadership or even requires leadership to emerge in the first place.

Bachelor and Jones (1993) and Baumgartner (1993) found that leadership is most easily exerted around an issue of high symbolic value. To Reese (1997: 237) "the challenge for leadership in economic development, then, is to direct policy making and build consensus using the symbols through which the issues are framed." It remains to be investigated whether the construction and management of a region's image falls into the category of such as 'symbolic' project and, accordingly, is amenable to leadership.

Leadership can in itself be a vital component in the projected image of a region, in portraying it as a region 'that knows where it's going', a coherent region, a region led by capable, business-friendly leaders with vision and charisma, a region that can look after

itself. This raises aspirations among inward investors that their enquiries will be dealt with efficiently, grants packages are attractive, planning permits are granted quickly, training assistance will be available promptly and of good quality, and generally, that the region as a whole is welcoming of inward investors and has 'a good business climate'.

## **8.4. Leadership and image building**

The following analysis of leadership issues in the two case study areas is divided into three categories. Firstly, political and economic factors, outlining the environment in which leadership operates. This includes issues of governance and national policies. Secondly, leadership as exhibited by organisations in the case study areas. This section deals with government and agencies with a public mandate on the regional level as well as business and labour associations or individual businesses. The third section looks at the leadership of persons, as individuals or as members of an organisation. This category contains eminent regional leaders who drove forward image management.

### **8.4.1. Political-environmental and economic-environmental factors**

As outlined in chapters 4 (Regional Case Studies) and 6 (Governance), regional policies<sup>20</sup> operate in two rather different environments. Britain is characterised by a complex body of governance networks with institutional structures very much being in flux, whereas Germany has a more stable system of institutions and could be regarded as a *government* still being in chief control, but with an increasing tendency towards governance. This move from government to governance is epitomised in the Ruhr by the creation of Projekt Ruhr, a Land-owned agency, that interferes directly with regional policy in the Ruhr (details have been examined in chapter 6).

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<sup>20</sup> In this context the term 'regional policy' refers to both policies designed by supra-regional governments (i.e. Whitehall in Britain and the Bund/Land governments in Germany) and to be applied on the regional level as well as to policies designed by regional bodies such as regional government or regional development agencies.

It is unclear which effects these institutional/governmental differences between the North East and the Ruhr have on issues of leadership. Two competing arguments can be offered: the first argument is that emerging regional government structures offer a great chance for leadership, organisations and their leaders demonstrating with the example of a particular project that the region 'can get its act together' and act decisively. Moreover, the most recent image strategy in the North East can be interpreted to be as much an exercise in region building as it is an economically motivated tool of inward investment promotion. On the other hand it could be argued that the existing structures hinder leadership as there is little room for leaders to emerge; few platforms or fora to prove themselves as leaders exist. One North East's Director of Communications, who is also in charge for the image strategy, shared the widely held view amongst regional image stakeholders that

"There isn't an established mechanism for setting up things like an image strategy on a regional level. We (One North East, M.B.) are clearly trying to champion this issue. We want to lead, but it is a bit cumbersome having to approach each organisation individually – government, businesses, community leaders – dealing with all of them separately. (...) It takes a lot of time and effort, and just when you think you've got them all together someone pulls out." (interview)

Moreover, according to my interviews it seems to be a common perception that there still is a 'dependency culture' in the North East which hinders the emergence (and acceptance) of leaders, and that there are few (potential) regional leaders as the region's political and economic fortunes have traditionally been determined by central government. It is true that during the 18-year Conservative rule from 1979 to 1997, regional policy in the UK has largely been a case of prescriptive action by Whitehall, sometimes described as 'Whitehall knows best and regions should do as they're told'. A high degree of public ownership of 'old' industries the North East meant that, until the end of the 1980s, the region had a state-managed economy (Hudson 1985, 1989). Adding up the political and economic dominance of Whitehall it could be argued that the North East was nothing short of a central government-managed region (Hudson 1998). The Director of Economic Development of Wear Valley District Council in County Durham remarks,

“[There have been] generations of people who have grown up with a dependency culture. We live in a dependency culture around here. People are used to working for a big employer. Entrepreneurship, the number of people starting their own businesses, isn’t very high. That’s got to change over a period of time.” (interview)

As indicated earlier on in this chapter, ‘vision’ seems to be vital in the provision of leadership. The lamented ‘dependency culture’ might stem from, or at least be compounded by, a lack of vision. As Robinson (2002: 327) argues, “in a declining old industrial region, vision is especially important but is only poorly articulated in the North East.” In his view,

“part of the problem is the nature of politics and the structures of governance in the North East. Decades of domination by one party (the Labour Party) has not served the region well. Debate has been stifled and local politics is sterile, lacking imagination and vision. Local government, run by a male gerontocracy, looks and sounds out of date and paternalistic. There is a widespread disaffection with politics and politicians in the region and an apathy – or, more correctly, a sense that nothing can ever change.”

This might explain why there is a reluctance among regional leaders to enthusiastically embrace new initiatives such as the regional image strategy. As a past president of the North East Chamber of Commerce put it, business leaders are disillusioned because of the perceived failure of previous image management attempts: “there’s a bit of cynicism about, particularly in the business community, of ‘we’ve seen it all before.’” (interview).

Similarly, the Ruhr has been ruled by one party, the Social Democrats (SPD), since the end of World War II, until the 2002 local elections brought the conservative Christian Democrats (CDU) to power. Now that the CDU now holds a majority in the KVR the debate about the future of the KVR and its responsibilities has become livelier again. The KVR is now controlled by the opposition to the SPD Land government which has made obsolete earlier plans to merge the KVR and Projekt Ruhr. Rather than reducing the two regional government bodies to one the KVR is likely to be as politically contested as it has been since the 1970s when ideas first surfaced to reduce its powers or abandon it altogether. This puts the KVR in a weaker position, without a clear and unanimous political mandate to lead the image management for the Ruhr as a whole.



In the Ruhr, central and Land government intervention also has a long tradition. Large parts of the Ruhr economy have, after the Second World War and even more after the economic slump in the 1970s, been controlled, albeit not owned, by central government. This degree of state control, coupled with the above-mentioned 'dependency culture', raises concerns about the lack of conditions that could bring about leaders:

"The Ruhr still suffers from its expectations that others decide on the region's economic fortunes. Joe Bloggs looks to the industrial giants who used to care for him from the cradle to the grave. Those giants look to the government hoping that it will bail them out. The region as a whole is looking at the government, waiting for them to put things right, as they have done in the past. Clearly, those times are over, but regional *political* leaders emerge only very hesitantly. Nobody's keen on putting their head up. Only the interests of big business are well-organised. That's still a bit like in the past – big industry is leading the region." (original emphasis, interview with Chief Editor, Westdeutsche Allgemeine Zeitung (WAZ), the Ruhr's most widely read newspaper)

Notwithstanding the long-standing involvement of higher tiers of government, the Ruhr has been enjoying a political-institutional environment which allowed room for regional leadership to emerge. The Ruhr has had a local 'parliament' since 1929 when the Siedlungsverband Ruhrkohle (SVR) was formed and assumed wide-ranging planning powers. Secondly, from the onset of industrialisation the Ruhr has contained numerous company headquarters, which has given rise to the lively engagement of private firms and their associations in the economic development of the area. The impact of both KVR and the firm associations will be examined in the next sub-section on organisations.

Having said that the two regions are converging in their governance structures it is important to underline that the *directions* of the processes are very different between the two regions. In the North East the region is in advance, in the Ruhr the Land government is trying to roll back the region.

In essence it can be said that institutional structures per se are neither inductive nor adverse to leadership. The nature, remit and power of organisations themselves seem to be more important, and this will be the focus of the next sub-section.

### 8.4.2. Organisations

In organisational terms, the Ruhr has well-established administrative routines for dealing with the emerging policy area of image management, whereas no formal procedures exist in North East England as yet (these points have been examined in more depth in chapter 6, Governance). In both regions the elements of regional government that already existed or were evolving took the lead in regional image strategies. This applies to the initiation (the 'airing' of the idea), the development, and the execution of image management. In 1999, the regional development agency One North East and the North-East Regional Assembly took on together the idea of an image improvement initiative as one of their first projects – both organisations had only been created several months before.

“The fact that we are having a discussion about regional image campaigns – whatever they are – seems to be a product of the fact that we already have the RDA and the regional chamber. These institutions can at least provide a forum in which these debates can take place.” (Interview with John Tomaney, Professor of Governance and Chair of the Yes for the North East campaign)

I was unable to trace down, through a literature review or through the collection of primary data, the origin of the idea of image management (who first proposed it in or to these two organisations) but two interviewees pointed at John Bridge, then chairman of One North East, having revived his “old love” of image campaigns.

One North East's motivation for suggesting the idea of an image strategy to the North East political and business community was that the RDA felt that the objectives of the Regional Economic Strategy (ONE 1999 and 2002) could only be achieved if outdated perceptions of economic decline and social dilapidation could be turned into a more positive image (interview with ONE and NEA communications officers).

In the “Great North” campaign of the late eighties the NDC, One North East's predecessor organisation, took a stronger leadership role, implementing the strategy in a top-down approach. According to the chairman of County Durham Economic Development Partnership “the first involvement we had was when it [the campaign] was launched” (interview).

In the Ruhr, the process had been initiated by the Ruhr Local Government Association (KVR). The impetus came from two events. Firstly, in a major reorganisation in 1979 the KVR was stripped by the Land government of a number of important functions, most prominently planning powers, but gained legal responsibility for public relations and place marketing for the Ruhr (Blotevogel 2001a). A senior official of the NRW Land government suggested that the KVR's first image campaign was partly born out of the KVR's desire to prove its usefulness. Since the KVR was, after the 1979 reform, regarded by many as purely a talking shop, it put great effort into one of its remaining functions, public relations/marketing, and through a highly visible image campaign drew attention to the fact that it was 'doing something'. A similar coincidence in timing could be observed when, in 1998, the KVR started its second advertising campaign, at a time when criticism of the KVR's alleged ineffectiveness had reached new heights to the effect that its very existence was under threat.<sup>21</sup> This narrative, however, is contested. A senior official of KVR's public relations department pointed out that in the adoption of an image campaign the KVR was exclusively motivated by its efforts to meet its newly created legal obligation of undertaking PR for the region.

Despite the well-developed administrative routines in the KVR to cope with the image management process there is now an increasing administrative and organisational fragmentation in the once 'monolithic' image management process. The most prominent competition for the KVR's responsibilities comes from Projekt Ruhr, of which many observers believe that it was set up as a 'rival' organisation to keep in check the KVR. Projekt Ruhr's job is "to develop ideas and fire with enthusiasm those necessary for the implementation of the idea. We support the process until it is able to stand on its own feet" (interview with Projekt Ruhr's Head of Communications). While Projekt Ruhr does not have image management as one of its explicit goals it does in practice sponsor projects which are highly image-relevant. This approach has been branded by critics as

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<sup>21</sup> Since 1998 the KVR has been under constant political attack. Both local governments and the Land government questioned its effectiveness and whether it was indeed necessary to have an organisation like the KVR on the Ruhr scale altogether (Blotevogel 2001a). In January 2004 the Land parliament passed legislation to reform the KVR one again. From 1 October 2004 the organisation will be called RVR (Ruhr Regional Association, WAZ 2003b).

piecemeal<sup>22</sup>, and there seems to be little co-ordination between Projekt Ruhr's projects relevant to the region's image and KVR's overall regional image strategy. As Projekt Ruhr does not have any direct legislative power over the Ruhr it leads with 'carrots', as Projekt Ruhr's Head of Communications admits:

"It is financial austerity that forces [Ruhr] cities to cooperate as they are not strong enough to succeed on their own. (...) The pressure of empty coffers is on local government (...) and we are guiding a process that decides how 2.1 billion Euros [of EU objective 2 funding] are being spent in the region. We make sure that the money is well spent, that the local governments' projects are well-coordinated."

He goes on and quotes another example how Projekt Ruhr's own operative money is being spent on image-related projects:

"For example, we managed for the first time to get all local governments to have one joint stall at the Expo Real fair<sup>23</sup>. Of course this new-found unity also had to do with the fact that we said, okay, we'll dig in our pocket for this but with strings attached [that they had to have one joint stall]. Again it was financial austerity that made them put aside their reservations and say, in principle it is better to do it together. But not out of strategy but because of the pressure. But at least we *showed* them that a joint effort is possible, and they might notice the benefits and do more of this [cooperation]. The first step has to be for the cities to realise that one regional strategy gets us further than many single local strategies."

In addition to competition from the 'rival' organisation Projekt Ruhr the KVR also faces resistance to its leadership on the margins of the Ruhr. The KVR is trying to lead on the issue of image management, but only about two thirds of the Ruhr local governments follow. Some cities, notably on the margins of the Ruhr, have been resisting attempts to create and market an image for the Ruhr as whole. For example, the managing director of Dortmund Project, Dortmund's economic development partnership, said

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<sup>22</sup> To be eligible for funding by Projekt Ruhr, projects must have the promise of a "communicative yield". However, Projekt Ruhr's regulations state only that the planned project must show promise of attracting media attention, but not that the projects fit into an overall communication strategy. For example, Projekt Ruhr supported the creation of 'Ruhr-Networker', an association of the Ruhr's IT companies (most of them local start-ups or SMEs). Ruhr-Networker is supposed to represent the Ruhr's IT industry abroad and thus contribute to the Ruhr's image as a high-tech location, but no efforts were made to integrate this project into the region-wide image management led by the KVR.

<sup>23</sup> Expo Real is Europe's second biggest real estate fair, held annually in Munich.

“To be very clear, we are not prepared (...) to give up our identity and say ‘We will join forces with the other [cities] and work for the gain of the Ruhr only’. We do not do this because we are convinced that we in Dortmund need identity. We cannot become Essen III or Ruhr VII. (...) The Ruhr has to be a region of strong cities all having their own profile but cooperating where necessary. (...) The Ruhr is an invention. (...) And just like it has been invented years ago we now might as well bin it. (...) When Dortmund was asked by the KVR to say yes or no [to the Ruhr image campaign] we told them ‘you can do whatever you want’, but we don’t identify with this [campaign] and we won’t contribute any money.”

#### 8.4.3. Persons

Apart from organisations that championed new opportunities there have also been *persons within* these organisations who have shown a degree of leadership. In general, however, there is a feeling in both regions that they are ill-equipped with (potential) leaders who could act on a region-wide scale to advance image management efforts. A past president of the North East Chamber of Commerce lamented that

“We don’t have any regional figures. There is an opportunity [in the image strategy]. But it needs to be championed. And I am not sure where the champions are. Ten years ago John Hall<sup>24</sup> was trying to go that way. He didn’t succeed, but he had ambitions. Amongst the local government leaders there’s no major regional figure. (...) We would need one or two key figures in the region to pick it up and promote it. The campaign could only be successful on the back of one or two strong regional personalities. And they have yet to emerge.”

It could be argued that the fluid organisational set-up and the unstable, constantly changing partnerships with little institutional routines do require strong leadership, but at the same time there do not seem to be any strong leadership figures. This could be a central element in the explanation of the fact that in the North East four years have now passed since the first attempt of the recent image strategy, but apart from a short-lived advertising campaign in early 2002, which was withdrawn after only six weeks, the North East image strategy still has not got beyond the consultation stage (as set out in chapter 5, *Changing Images*).

Similarly, and as explained above, the Ruhr lacks political leaders on a regional scale, but the robust administrative routines of the KVR seem to make up for this. Indeed, the KVR seems to have transformed itself to allow for greater leadership in the issue of image. In the wake of its reorganisation of 1979, the KVR created a new department for public relations and established a public relations committee<sup>25</sup>. Its increased commitment to public relations was reflected in the first-ever recruitment of a number of PR professionals. One of them, Udo Thies, a former lecturer of communication studies at Essen University, joined in 1985 and was the first to propose a systematic approach to image improvement, resulting in the suggestion to develop an image campaign in the form of advertising. First thoughts of an image campaign surfaced in the KVR as early as 1982, but evidence for this is no more than anecdotal as I was unable to find an interviewee who had been with KVR pre-1985. In 1984 the decision to go ahead with an image campaign was made, and in the same year the first perception study was undertaken. In 1985 a contract was awarded to an advertising agency and in late 1985 the first advertisements appeared in the national press (pers. comm. with KVR's head of design).

While there has been a well-organised and –resourced body in the Ruhr that succeeded in establishing a systematic image management in the Ruhr, the private sector was initially reluctant to support the effort. In the North East, attempts to establish a systematic, consistent and sustained image building effort has failed to date, but at least there have been extensive consultations and two drafts have been produced. In both regions, the leadership of figures who appeared to be neutral and have no self-interest was crucial for the effort of getting all parties around one table.

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<sup>24</sup> Sir John Hall, one of the most influential North East business persons, has developed Gateshead's Metro Centre (at its opening Britain's biggest shopping centre) and has revived the fortunes of Newcastle United Football Club as its president for thirteen years.

<sup>25</sup> The KVR is democratically controlled. All programmes and activities have to be passed by the *Verbandsversammlung*, a steering board which is made up from representatives of local government, trade unions, employers and other socially relevant groupings (WAZ 2003a). In addition, for each area of the KVR's activities there exists a specific committee, including a public relations committee. The latter is where most of the discussion took place, whereas the *Verbandsversammlung* usually passes projects which have been agreed on in the committees.

In both regions it was senior church leaders who performed this task. In the North East, the Rt Rev Michael Turnbull, Bishop of Durham from 1994 to 2003, was not a leading actor in the image management process per se but he was very active in paving the way to increase the capability of the region to deal with such issues. During his nine years at Durham he pursued his long-standing interest in devolution and economic regeneration. He has been active in the House of Lords as the lead bishop on constitutional affairs and has been prominent in the movement towards regional government in the North East (Yes for the North East 2003), with one of his politically most eminent positions being Chair of the North East Constitutional Convention from 2001 to 2003. As a result of his activities regional stakeholders agreed to meet frequently to discuss issues of regeneration, among them image building. His motivation for becoming involved was that he

“perceived that [regeneration] needed to be drawn above party politics. Because if the discussion ran along party-political lines the whole thing would be very predictable and it would lead to an argument on traditional political lines. (...) I got involved not to win political battles but because I want to see a more wholesome common life where more people have opportunities and where there is justice. Those were my motivations.” (interview)

He felt that he could help the process of bringing the region’s leading figures together:

“I was encouraged to get involved partly because I was seen as politically neutral. I wasn’t aligned with any political party. And therefore people would come together initially to the meetings which I said were one-off conversations, knowing of course that a lot of other things would ensue from them. They realised they weren’t really joining an organisation. They were just coming to parley, to talk with people whom they had mutually regarded as demons. (...) There were questions that I could ask because I was seen impartial and therefore I had a certain freedom that other people might not have had.” (interview)

It can be followed from Bishop Turnbull’s comments that there was a *vacuum* of leadership in the region, as the success of the meetings he called was evident:

“People did show up for these meetings, for a number of motives, I suspect. At its best it was, we have a problem here and this is one way of having a fresh look at it and therefore we will come and talk. Another, less worthy reason might have been that these meetings were quite highly publicised in the regional press and they may have thought, if we don’t go it may look as if we’re not interested. There’s probably a mix of motivations there. On each of

those occasions I always got the impression that people went away thinking 'that wasn't just a talk shop. It was worthwhile. To the very least it has enabled us to identify the key players on the sides that we've never really talked to before'. And to see people face to face rather than just writing letters or talking through the press I hope was a little contribution to the whole process of rebuilding."

In the Ruhr, it was also a senior church leader who attempted to break the political stalemate in the 1980s. The late Kardinal Hengsbach, formerly Bishop of the Ruhr diocese, founded the *Initiativkreis Ruhrgebiet* (IR), an association of large private sector companies that wanted to meet their corporate responsibility towards the region in which they operate (interview with his former executive). The IR has supported the KVR's image campaigns. Kardinal Hengsbach was a leading figure because of his high reputation and his ability to communicate with all classes of society (interview with his former executive).

Another highly 'image-relevant' figure whose success in pulling people together stems from his perceived impartiality was Professor Karl Ganser. He is widely regarded as "the architect" of co-operation in the Ruhr through his position as chief executive of the IBA<sup>26</sup> from 1989 to 1999 (Rossmann 1997: 99). Many interviewees attributed him with creating a sense of unity in the Ruhr. He was an external person with no previous involvement in the Ruhr and was thus perceived to be above *Kirchturmdenken* ('church steeple politics').

"It was not before the mid-1990s that many of the Ruhr's cities re-developed a sense of belonging to the Ruhr. One of the reasons for this surely was the involvement of Professor Ganser and his 'baby', the IBA Emscher Park. (...) He has achieved a lot because he was credible and came from outside the Ruhr." (interview with Director of Strategy, Essen Chamber of Commerce)

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<sup>26</sup> IBA (Internationale Bauausstellung Emscher-Park, Emscher Park International Building Exhibition) is widely regarded as the seminal project to the Ruhr's 1990s renaissance as it led to wide-ranging environmental changes. This included a cleaning-up of the natural environment, the erection of many innovative buildings and landscapes, and the conversion of many old-industrial buildings in the most deprived areas of the Ruhr. The 120 projects covered roughly half of the Ruhr's area and half of its population. For example, the former steelworks of Duisburg-Meiderich (fig. 8.2) was converted into an entertainment centre consisting of a nightclub, a diving centre, a restaurant and 'industrial parklands' featuring an adventure playground. This change in the physical landscape turned out to be contributing immensely to changing and updating the Ruhr's image as the region was trying to establish itself as a world leader in innovative design.





**Fig. 8.2:** The converted steelworks of Duisburg-Meiderich, one of the flagship projects of the IBA Emscher Park

Source: [www.iba.nrw.de/arbeitsbereiche](http://www.iba.nrw.de/arbeitsbereiche)

#### 8.4.4. Business involvement

Business involvement in image management was limited in both regions. Efforts of One North East and the Regional Assembly to engage the business community had only a limited success. This was not due to businesses' general reluctance in participating in an image management effort but because the North East traditionally lacks entrepreneurial leaders (interviews with One North East and North East Assembly communication officers). Bill Midgley has been in key positions of the North East's economy for 20 years, including President of the North East Chamber of Commerce. In an interview, he observed that "in the industry, who springs to mind as a strong leader, on a *regional* basis rather than in the Newcastle or Middlesbrough area? We lack some key players here" (original emphasis). There have been, however, a number of consultations, most notably the Durham Castle event where in 2001 regional senior managers agreed to participate in an image strategy steering group.

In the Ruhr, businesses were represented in the official image decision making process only to a very limited extent, as no more than 10 per cent of delegates of the KVR's legislative *Verbandsversammlung* are from the business sector (made up of representatives of employers federations and chambers of commerce, own calculations based on WAZ 2003a). Those business representatives lack voting powers and have the

right to be consulted only. Furthermore, business associations on their own had been inactive in the image management process at the time the first image campaign went public in 1985. Pro Ruhrgebiet had been created in 1981, advocating the interests of SMEs, but is an organisation with very limited financial and staff resources and little interest in image management with a view to inward investors. The more powerful regional business body representing the interests of large enterprises, Initiativkreis Ruhrgebiet, who is now heavily engaged in its own image building activities, had not been founded until 1989.

#### **8.4.5. Civil society involvement**

Across the case study areas the involvement of civil society in the image management process varied. In the North East, the Regional Assembly, one of the two organisations that had initially co-led image efforts, has voluntary sector and trade union representatives among its members. In addition, some of the participants of the image steering group were representatives of civil organisations, such as Northern Arts, and the Workers Educational Association. In the Ruhr, civil society enjoyed little formal representation with only five out of 56 representatives to the KVR's Verbandsversammlung being from the civil sector. Furthermore, civil society representatives do not enjoy voting powers. Overall, there is little leadership from civil society in the image management process, apart from the individuals mentioned earlier on in the section on leading figures.

### **8.5. Conclusion**

This chapter has examined the role of leadership in regional image management attempts, and whether leadership issues account for some of the differences between the management efforts undertaken in the two regions.

Firstly, the evidence presented in this chapter does support the argument that regions are not helpless pawns of globalising forces. Indeed, the response in terms of image

management has turned out different in the two case study areas. Leaders in the Ruhr put the need to improve the region's image on the regional agenda much earlier than their counterparts in the North East. This can partly be ascribed to the fact that the North East still lacks a regionwide meaningful forum for issues like image improvement. Indeed, leadership occurred in different forms in the two case study areas: In the North East the dominant mode was behavioural leadership, while in the Ruhr leadership mostly occurred in an institutional sense. These results are in line with those of chapters 6 and 7, which clearly demonstrated that the process of image building was far more institutionalised in the Ruhr than it was in the North East. In the Ruhr it was an *organisation* that took the lead; in the North East the progress, albeit limited, of the Regional Image Strategy was mainly due to the leadership of *individuals* (see fig.8.3). This reliance on individual leadership became obvious when the Regional Image Strategy came to a preliminary halt after the key persons at the two lead organisations – One North East and the Regional Assembly – had left their posts.

	North East	Ruhr
Mode of leadership	Mainly individual, limited institutionalisation	Mainly institutional, limited leadership outside formal structures
Source of authority	Mainly power of persuasion	Mainly hierarchy
Main mechanisms decision-making	Negotiation outside formal structures	Negotiation within formal structures
Main mechanisms of implementation	Within formal structures	Within formal structures

**Fig. 8.3:** The main properties of leadership in the North East and the Ruhr

Source: author's own work

Secondly, both regions have serious deficits in their institutional frameworks in that they impede effective leadership. The two reasons for this are the limited power of the existing regional bodies, and, in the case of the North East, a political-institutional environment that changes so quickly that it is difficult for potential leaders to even identify potential 'followers'. On the other hand, there is evidence that leadership has become more prominent exactly as a result of those changes. The new political spaces that currently are under construction in the North East have opened the chance for leaders to champion these opportunities. In the Ruhr the political system has remained fairly stable over the

last decades, but the regional body KVR has seen its leading role curtailed by a Land government that is increasingly tightening the reins on the autonomy of the Ruhr, stifling the regional potential for leadership.

Thirdly, the success or failure of image management is intimately connected to the ability and willingness of individual persons to lead on the issue. The North East has so far failed to produce a prominent figure that could permanently lead this process in a sustainable manner. As demonstrated above, the administrative routines of the North East are ill-developed and fragile when an unexpected event occurs. While the institutional stability in the Ruhr partly explains the consistency and success of its image management effort, the stability of leaders that succeeded in bringing the whole region together certainly accounts to some degree for the success of previous image campaigns. Those individual leaders were part of successful regional organisations such as the KVR or IBA Emscher Park, both of whom have had a remarkably low staff turnover. Another central factor in successful leadership seems to be the perceived integrity and impartiality of potential leaders, and church leaders were in both regions able to put to their status to good use.

Fourthly, leadership on image management fell on fertile ground and regional players have been very supportive of the idea of image management, if not always of the proposed instruments of *implementation*. This support can be attributed to the leadership capabilities of central figures, but also to the existence of strong normative discourses about regional entrepreneurialism and FDI-led regeneration.

In essence, none of these single factors can account for the whole extent of leadership or for the differences between the two regions. One has to agree with Boyle (1990: 144) who has described the factors behind successful regeneration as a “complex and possibly fortuitous combination of chance, historical circumstances, political, economic and social context, national policies, and local endeavour.” It is also clear, however, that leadership *has* played an important role. This becomes most obvious at the failure to date of the *implementation* of the North East’s Regional Image Strategy. In other words, the

influence of leadership on successful image management initiatives is hard to isolate, but an absence or failure of leadership is rather plain to see.

## **9. CONCLUSIONS AND POLICY IMPLICATIONS**

This chapter seeks to draw together the findings presented in the previous four chapters. It summarises my answers to the research questions, and identifies areas for future research. It includes a section on how current theories of social/policy learning, governance and leadership may need to be reconsidered in the light of my findings. This is followed by a look at the ‘bigger picture’ in an attempt to relate the observed patterns of governance to wider processes of state rescaling and regionalism. The second part is concerned with policy implications, suggesting ways in which the practice of image building and the underlying organisational and institutional arrangements can be developed to facilitate a more effective and efficient image management. I aim to show here both the lessons that the two regions can learn from each other, but also provide a critique of the practice of image building in both regions based on evidence from other places and derived from own reflections.

### **9.1. The governance of image building: revisiting the research questions**

The study set out to compare the image building efforts in two regions that share the characteristic of being an old-industrial region, and yet responded very differently – as far as their involvement in image-building is concerned – to similar challenges of restructuring. Both regions have a long history of intervention and state planning, from early attempts to retain traditional industries to re-industrialisation and the attempted conversion into a knowledge-based service and high-tech economy. Various tools have been used to achieve these ends: supply side solutions, including the upgrading of infrastructure, the (re)training of labour, the proactive construction of office and factory units, and the redesign of public administration to allow for quicker and more inclusive decision-making. Attempts to stimulate demand have included financial incentives, the creation of business networks, and, eventually, the correction of what was identified as a major obstacle to regional development: outdated and unfavourable perceptions of the

region as an unattractive location for 'future-proof' private-sector investment. Set in this context, the central aims of the study were to answer these questions:

1. How are regional images being constructed? Which actors are involved in this process, and how do they interact? Is there any coordination to ensure a coherent message, and what means are used to achieve this?
2. How do organisations on different *scales* interact? To what extent is the image management process affected by national as opposed to regional influences? What influence do national political systems of governance have on the image-management process? If 'the rules of the game' are set by national/Land governments, are they (re)interpreted in different ways on the regional scale?
3. How do organisations of different *sectors* (public, private, civil society) interact? How much power does that state hold in the image-management process? Has its influence diminished, or has it merely shifted from direct to more indirect control, from hierarchy to coordination? What is the role of the organisations '*officially*' in charge of the image management process, the RDA in the North East, and the KVR in the Ruhr?
4. Finally, what is the content of the representations that place promotion agencies and economic development stakeholders are seeking to construct?

The first question, how regional images are being constructed, cannot be easily answered, if understood in a wider sense. There is still a debate among psychology, communication and media scholars about how place images come about. However, this was not the most central question of the thesis. After all, the potential sources of images are virtually infinite, and economic development organisations and stakeholders can therefore only make a *partial* contribution to the perceptions of a particular place. In my research the construction of place images is seen as the conscious effort of economic development stakeholders, and this process can be illuminated by my empirical findings. As set out in chapter 6 (image and governance), a relatively small set of organisations in both regions are actively engaged in image management and image building, notwithstanding the fact that the range of organisations *contributing* to regional images ('image-making') is far greater. In the case of North East England, the main drivers of recent image improvement

efforts were One North East (the regional development agency) and the North East Regional Assembly. On the national level, UK Trade & Investment exerts an influence on the process in as far as it tries to ensure, through the North East Government Office, that the image efforts of the region are in line with UK Trade & Investment's overall image strategy.

The four sub-regional economic development agencies were invited to contribute their ideas on a regional image strategy but are not formally involved in the process and do not have any decision powers. One North East and the Regional Assembly also encouraged business participation but, again, businesses were merely consulted to achieve a strategy that is sufficiently informed by the target group of inward investment promotion, private sector companies. In the Ruhr, one single organisation is responsible for public relations and marketing of the Ruhr, the KVR (fig. 9.1). As part of its promotional activities the organisation has designed and implemented the region's two image campaigns since 1985. In contrast to the North East, where interaction took place chiefly through networks, the Ruhr has used a very different approach. Since the KVR had public relations added to its portfolio of responsibilities in 1979, matters of public relations that have a region-wide importance (as long as they are not the exclusive responsibility of the Central or Land governments) have been decided in the 'Ruhr Parliament', as the KVR is sometimes dubbed. In this 'parliament', employers, trade unions and the civil society are represented through a quota system. In addition to their representation within the KVR, business associations also sought to influence the Ruhr's image *outside* the formal-structural decision-making system of the KVR through their own image-building activities. Most notably the *Initiativkreis Ruhrgebiet* (IR), an association that comprises most of the Ruhr's 50 biggest companies, organises high-profile events that attract media attention. On the national level, the German inward investment agency, FDIN, has had no involvement in the Ruhr's image efforts, as the KVR is independent of the national government and exclusively funded by its member local authorities, who were ultimately in control of the image efforts as they not only finance the KVR but also hold the majority of votes in the 'Ruhr Parliament'.



My second question asked whether these differences in governance structures could be held to account for some of the differences in the image management process in the two regions. Lacking a formal legislative or administrative structure for image management, the drivers of the North East regional image campaign had to rely on networks to get stakeholders on other scales and from other sectors involved. The material presented in chapters 6 to 8 clearly demonstrates the instability of network membership, differences in accessibility of the network to various groups, and the varying degree of actual use of the ability to access these networks. One North East and the Regional Assembly had to establish a sizeable initiative to draw in stakeholder views. While stakeholder participation was initially balanced and fairly comprehensive, many of the persons interviewed for this thesis reported the rapid setting-in of feelings of alienation from the process, as they only had a consultative role and many felt that their suggestions were not taken seriously enough. Secondly, the network approach might explain why the process towards a regional image strategy (RIS) has to date continued for more than four years without actually producing a campaign that has seen the light of day – apart from a short-lived advertising campaign in 2002 that was withdrawn after four weeks. This long delay illustrates the vulnerability of the process in the North East. A fully developed strategy had been launched with great fanfare in 2002 in the North East, London and Brussels, but only lasted for four weeks, as the key person at One North East took ill. It bespeaks of a severe lack of established administrative routines and the instability of the network if the absence of one person results in the abandonment of an image strategy. One North East has since made a fresh start, this time without the Regional Assembly, but the structural problems remain. It seems that in organisational-institutional terms the North East is in a kind of vacuum where the central state has transferred responsibility to the regional level but the latter is incapable of performing some of its new duties. In other words, while the central state is still setting the goals, the elements of an emerging regional government still struggle to ‘find their feet’ in this new freedom and find it particularly difficult to establish effective policy networks. However, as much as these problems may be due to a policy vacuum in a time when decentralisation has occurred but true devolution has not yet been achieved, these problems might also stem from the fact that image management

is an *emerging policy field*, for which initial arrangements are generally often weak and unstable.

In contrast, in the Ruhr the idea of image management fell onto the fertile ground of a developed administrative routine in a stable and well-established institutional framework and an organisation who 'championed' the new opportunity. On the other hand, in the Ruhr the price to pay for these functioning routines was a *less inclusive* consultation process in that the range of stakeholders consulted was largely limited to those parties officially represented in the KVR.

As far as question three, the degree and the ways of interaction between various actors involved in image building, is concerned, the state seems to be firmly in control of the image management process. Two issues have to be distinguished here: the first issue is connected with the assertion that because of financial austerity and because of the growing complexity of policies and the environment in which they operate the state increasingly has to rely on the private sector and civil society to successfully implement (and to a certain degree also to design) economic development policies. Overall, the image management process in the North East is characterised by rather loose and unstable networks, whereas in the Ruhr the mode of coordination is mainly by hierarchy. The second issue is one of *re-scaling*, in which the *central* state is losing powers downwards to regional and local actors and upwards to supra-national organisations. This argument is at the core of the hollowing-out thesis. In both regions the organisations that developed and drove forward the concept of a regional image strategy were state organisations on the regional scale. In the North East, the process was influenced top-down by central government through the Government Office for the North East (GO-NE), whereas in the Ruhr the regional body driving image management (KVR) is made up of and controlled by the Ruhr's local authorities, resulting in a more bottom-up approach.

The North East has seen an apparent re-scaling of the responsibility for inward investment promotion from the national to the regional level with the establishment of the

RDA. However, as my research has shown, the central state still yields significant power in this process. Financial aid given to the RDA is no longer attached to conditions but granted as a single block. However, central government still retains a veto over how the money is spent in case it identifies what it sees as major faults in the RDA's spending and activities. In the Ruhr, however, the KVR is largely independent in its operations from Land government influence. However, the Land parliament of North Rhine-Westphalia pushed through in 1979 a major reorganisation and stripped the KVR of a significant share of its powers. Both regional organisations share the weakness that they are largely 'toothless' when it comes to inducing sub-regional organisations to submerge their interests to a regional, consistent image-building effort, as demonstrated in chapter 6. One North East is dependent on the voluntary collaboration of sub-regional actors such as the three county-level economic development companies and the one economic development department. The KVR is in the paradoxical situation that its strength of being a bottom-up organisation is also its weakness as this restricts its ability to act. The KVR is governed by its members, that is all Ruhr local governments, and its decisions should therefore have the authority of democratic legitimacy. As outlined in chapters 4, 5 and 6, however, because of party-political struggles there is a genuine lack of will to cooperate among many Ruhr local governments and the KVR is therefore often forced to take the line of least resistance to accommodate the political diversity of all its members. This is ensured through often month-long negotiations in the 'Ruhr parliament' before a decision is reached with which all members are satisfied. This was exactly the case with the two image campaigns which were considerably 'watered down' from their original design and took several months to be agreed. Yet these decisions were taken in the framework of long-standing and well-institutionalised organisational structures and took much less time than the attempts of creating a regional image strategy in the North East where first consultations started in 2000, without the strategy being implemented at the time of writing (June 2004). As mentioned earlier on, the KVR's capacity for a regional image campaign is also strengthened by its legally clear mandate for the policy area of public relations, notwithstanding that political support by some of the Ruhr's local governments was lukewarm at best. In the North East, the mandate for an image strategy

on a regional level is much less clear and reflects the weak organisational structures and division of labour on the regional level.

	North East England	The Ruhr
Political environment in which image management takes place	Unstable (rescaling of governance, decentralisation)	Relatively stable (little rescaling, centralisation)
Organisation(s) responsible for economic development <i>on the regional scale</i>	One North East, Central Government (represented through GO-NE)	State of NRW Ministry for Economic Development
Organisation(s) responsible for public relations/image management <i>on a regional scale</i>	One North East, North East Regional Assembly (pulled out during the process)	KVR
Other main contributors	Sub-regional economic development companies, private-sector companies	Local governments
Method of stakeholder involvement: state on other scales	Networks, out-of-house	Mainly hierarchy, in-house
Method of stakeholder involvement: other sectors (businesses and civil society)	Networks, out-of-house	Hierarchy; in house. Additionally: through networks
Influence of central state	High, but decreasing	Low, but increasing
Role of private sector and civil society	Purely consultative	Largely consultative
Type of network in the Marsh and Rhodes typology (1992)	Issue network	Policy community
Main opportunities for leadership	Through the creation of new political spaces brought about by decentralisation/devolution	Through external threat to 'self-rule' of the Ruhr by Land government
Content of promotional message	Usual imagery toolkit	Usual imagery toolkit plus industrial heritage
Main methods of delivery of message	Attracting media attention through flagship projects, direct marketing	Advertising campaigns, Attracting media attention through flagship projects,
Examination of PR effectiveness	Limited and very recently	Comprehensive and regular since 1985

**Fig. 9.1:** Some of the main characteristics of the image management process in the two case study regions

Question four asked about the *content* of the representations constructed, the *results* of the image building process. While both regions seemed to rely on a standard toolkit of promotional messages there were some important differences in the themes that were used. The representations constructed by both the North East and the Ruhr contributed to

what Griffiths (1998) termed “the making of sameness”. Recurring themes were the knowledge-based, high-technology economy, yet low costs for all factors of production, including a well-trained and very adaptable (some would call it desperate) workforce that is prepared to work for lower salaries than in other areas of the country. The other, less tangible central theme was that of a culturally vibrant and diverse region with a high density of cultural venues. The drafts of the North East RIS that are currently available demonstrate the desire to represent the region as ‘having everything that the other, more prosperous regions of the UK have’. The early image efforts of the Ruhr in the 1980s followed the same theme, but in the 1990s moved away from this approach in favour of not only admitting but actively promoting the fact that the Ruhr was and still is fundamentally different from all other German conurbations. Since the mid-1990s the focus of the promotional effort lay in conveying the industrial heritage of the Ruhr, not only the physical structures but also the connected social milieu of honest, hardworking and straightforward people. Industrial monuments were restored on a wide scale and often converted to contemporary uses – and now feature prominently in the projected image of the Ruhr. Table 9.1 summarises the points made here and contrasts North East England with the Ruhr.

Apart from structural explanations leadership (or a lack of it) plays a role in the explanation of the findings. Both regions have serious difficulties in their institutional frameworks in that they impede effective leadership. The two reasons for this are the limited power of the existing regional bodies and, in the case of North East England, a political-institutional environment that changes so quickly that it is often difficult for a potential leader to even identify potential ‘followers’. On the other hand, there is evidence that leadership has become more prominent exactly as a result of those changes. The new political spaces that are currently under construction in the North East have opened the chance for leaders to champion the image-management process and to add to the *raison d’être* of their organisation. In the Ruhr, the political system has remained fairly stable over the last decades, but the regional body KVR has seen its leading role curtailed by a Land government that is increasingly tightening the reins on the autonomy of the Ruhr.

## 9.2. Reconsidering theory

The theoretical framework of this dissertation includes theories of state rescaling and territoriality, governance, social and policy learning, and leadership. The findings offer some insights into possible modifications of learning and leadership theories but the main contribution of this thesis lies in the identification of a number of implications for theories of governance. The empirical evidence from the two case studies also permits a number of conclusions as to how appropriate new regionalist thought and theories of state rescaling are in placing the observed processes into a broader explanation of political and economic restructuring in 'mature' capitalist regional economies. Some of the findings confirm existing theories of governance, especially in the North East, where the breadth of organisations involved in image-building reflects the move from government to governance. On the other hand, as demonstrated in chapter 6 (Governance) the present literature can be criticised for overestimating the decentralisation of power in the North East. My argument is that presently the North East is still very much centrally governed while only the *mechanisms* of policy design and delivery have changed. In other words, the North East has seen decentralisation but no real devolution. Claims such as the 'hollowing-out' of the state are not supported by my empirical findings. The governance literature is also overly centred on processes of rescaling of the *British* state. In the terms of this debate, the German state has always *been* 'hollowed-out'.

As far as the first point of criticism is concerned, the empirical findings deliver ambiguous evidence, especially in North East England. On the one hand central government still controls to a significant degree the key driver of image efforts, One North East. The Office of the Deputy Prime Minister (ODPM) monitors the RDA, is the key contributor to its finances, and has a right of direct intervention in the formulation of the Regional Economic Strategy. Secondly, central government still ultimately controls the organisational environment in which One North East and the other actors of image management operate. There is still significant direct central government intervention in areas that are contributing significantly to image-building, for example through Urban Development Corporations who create 'flagship developments' or through grants to local

governments with which the latter engage in their own image-building activities. Land government intervention has become more prominent in the Ruhr with the establishment of Projekt Ruhr, an organisation widely seen to rival the KVR. While Projekt Ruhr does not have an explicit image strategy, it supports projects only if they have a 'communicative yield', again including many flagship projects. Still, the KVR is largely autonomous from the Land government as it not only reports to its member local governments but is also *funded* by them.

A central theme in the literature is the widely-made assertion that governance (as opposed to government) involves inter-organisational networks that are self-regulating (Jessop 1997, Rhodes 1997). In the case of North East England there is no evidence for such self-regulation, as the process of developing a regional image strategy came to a temporary halt when one key person in one of the two key organisations took ill. This illustrates the vulnerability of the network and that its self-regulation broke down due to a relatively minor event. This particular network exhibits the characteristics of what Marsh and Rhodes (1992) termed an issue network (as illustrated in figure 6.9 in chapter 6): relatively large number of participants, encompasses a range of affected interests, memberships contacts fluctuate in frequency and intensity, consensus is reached only for a limited time, and the basic relationship is consultative rather than an exchange of resources. This illustrates the fact that the term policy networks is used rather loosely, describing any kind of policy-developing or policy-implementing relationship that comprises any number of organisations and lasts for any amount of time. Inter-organisational relations in the Ruhr are situated on the opposite end of the continuum (in as they are stable, consist of a small membership, reach a durable consensus, and can deliver its members), yet the term 'self-regulation' cannot be applied here either as the relationships are almost exclusively hierarchical and thus do not constitute a network in Marsh and Rhodes' sense.

Chapter 2 included a discussion of the 'new regionalism', on which much of contemporary regional-economic or regional-political research is based. A key focus of new regionalist thought is on regionalism as a bottom-up movement to defend or advance

regional interests. My case study results do not confirm this prevailing notion of regionalism as a bottom-up process. In North East England and the Ruhr local and regional governments (or emerging elements of it) might be articulating and pushing regional interests, but as the case of image improvement initiatives showed it is not the regional scale, and the local scale only to a limited extent, that effectively advances regional interests. In both countries the regions are at the mercy of superordinate governments: central government in Britain and the Land government in Germany<sup>27</sup>. The bulk of new regionalist thought has overestimated the extent to which the advancement of regional interests emanates from the regions. The two case studies clearly demonstrated that regional image-improvement initiatives were to a large degree induced by superordinate governments. The adoption of image policy by the KVR, the Ruhr Local Government Association, was dictated by an act of the NRW parliament, even though there was strong support for this function from some local governments. In North East England the adoption of an image campaign was heavily encouraged by central government as it established RDAs and put responsibility for the regional economy into their hands. This enhanced interregional competition and the pressure to perform. In the case of a region with relatively little indigenous growth such as the North East this included the pressure to increase inward investment. Consequently, while much of what has happened in the case study regions could conventionally be interpreted as regionalism, I argue that what has actually occurred is regionalisation or, at the most, 'forced' or 'induced' regionalism. Most regional agents became engaged in 'partnerships' or in regional networks simply to meet concrete targets set by superordinate governments, receive earmarked government funding, or respond to increasing inter-regional competition imposed (or at least encouraged) by central governments.

In both case studies image building was decisively controlled, either indirectly or at arm's length, by central government, as there was little evidence of the bottom-up regionalism

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<sup>27</sup> As demonstrated in chapter 6, theoretical debates on regions are confused by the lack of agreed definition of what constitutes a region, and the area it covers. In this analysis I refer to the regions in England as defined by Government and covered by the RDAs, and in Germany as sub-Land entities. An obvious exception are the German city states of Hamburg, Bremen and Berlin and the small state of the Saarland, all of which are too small to allow a subdivision into regions. In the case of city states the functional region extends even well beyond the formal-regional, i.e. city-state boundaries.



propagated by new regionalist thought. This contrasting evidence might stem from the fact that the present thesis examined old-industrial regions which are atypical compared with much of new regionalist thought. As discussed in chapter 2.3 most of the evidence which underpins theories of new regionalism stems from economically successful regions and regions that mostly are culturally distinct from the rest of the nation state. Those shiny examples contrast sharply with the 'dim-and-grim' realities of ordinary regions. While usefully focusing attention on the regional scale as an arena of policy-making battles, the explanatory power of new regionalism is actually rather limited in the case studies of this thesis because of the generalisations and idealisations derived from successful regions (cf. Lovering 1999). To use an analogy from football, while the empirical evidence underpinning much of regionalist thought was collected in Premier League regions, both the Ruhr and the North East compete in the Third Division.

One of the key propositions of new regionalism, that most economic affairs are best regulated on the regional level, may appear to have materialised on the surface, but in reality control is still being exerted by central government, and Wong (2000: 83) observed that "the continuous process of delegation of power to local actors to implement economic initiatives is ironically undermined by the ever strengthening process of centralisation of funding and performance control." New regionalist thought also focuses attention on the critical importance of robust regional institutions for the health and success of regional economies. As examined in section 9.1 the two case studies have exhibited different degrees of institutionalisation, and the implications of these differences will be revisited in section 9.3, policy implications.

As the case studies revealed, the location of the fault lines of power struggles differ considerably between the two case studies. In the North East the conflict is almost exclusively between central government and the region, whereas in the Ruhr, with its established regional body, it is between the region and superordinate governments (Land and federal) on the one hand, but also between the region and the local authorities, who are keen on preserving their statutory powers. Given its strong focus on the region in the global economy, new regionalism as an analytic concept is good at shedding light on

national-regional or global-regional fault lines but less able to account for the localisation-regionalisation tensions. As examined in chapter 2, new regionalist thought focuses on the emergence of the region as an economic and political arena, but mainly in relation to challenges by the nation state (which is often perceived at the regional level as an economic and administrative 'black hole') and the increasingly global economy.

Accounts of state rescaling and territoriality, as subsumed in the work of Brenner (1999, 2003 and 2004) was the other body of theory reviewed in chapter 2. What explanatory power do Brenner's (admittedly heavily jargon-laden) arguments about a de- and reterritorialised regional space and changes in state spatial selectivity hold for my thesis? In a theoretical context, it is certainly possible to locate both regions in the "rescaled, territorially differentiated configuration of state space in which interlocality competition, divergent local development pathways, and the intensification of intranational sociospatial polarization are actively promoted through state institution and policies." (Brenner 2004: 259). The image building efforts in both regions can in this context be interpreted as attempts of reterritorialisation, countering the deterritorialising forces of European and global economic integration. Indeed, the image campaigns initiated in both regions sought to promote the respective region as an ideal inward investment destination in an attempt to catch a bigger share of increasingly volatile investment flows.

Brenner insists, however, that these efforts – as much as they are about economic development – are in practice often no more than "a form of crisis management" (2004: 266) designed to alleviate the polarising effects of competition-driven, growth-first locational policy (Standortpolitik). While most regional economic development stakeholders, above all One North East and the KVR, see image improvement as a *conditio sine qua non* and integral part of a sustainable, competitiveness-driven regional policy, it is indeed questionable whether image improvement can be more than a temporary solution to the economic problems of the two regions. These solutions are unlikely to outlive the varying instable regional coalitions on which they are based, and on whose collaboration they rely. It seems therefore likely that without stable and institutionalised routines the image building activities can never be long-lived enough to

transcend their current state of 'piecemealness'. The other problem is that ultimately the image strategies have to respond to the conditions of the 'game' set by higher tiers of government, central government in the English case, and Land and central government in the German case. As long as image management is subject to the centrally-defined imperative of competitiveness it is unlikely to reflect a more inclusive picture of the region, which may include regional realities that might not sell well. Currently, the marketing of the North East employs the classic stereotypes of success, such as thriving culture, inventive entrepreneurialism, high quality of life, and friendly, adaptive workforce. In the Ruhr the messages are more inclusive and actively tackle many of the negative stereotypes such as poverty and environmental pollution. This greater degree of inclusiveness can be attributed to the fact that the main driver of the Ruhr's image campaigns, the KVR, is a democratically controlled body that can be (and frequently has been) held to account by its constituting members, the individual cities and counties of the Ruhr. The perceived positive link between democracy and economic success is frequently advocated by proponents of regionalism, and was used in the 'Yes' campaign for devolution for Scotland (Garside 2000: 139). Similar arguments were advanced in the debate on whether or not North East England should get a regional government.

The empirical findings of this thesis largely confirm recent explanations of the restructuring of state spatiality over the last two decades. As outlined in chapter 2, one of the central arguments of this literature was that the tension between deterritorialisation and reterritorialisation has qualitatively but not necessarily quantitatively altered the extent to which economic development is governed by the nation state:

"National governments have not simply downscaled or upscaled regulatory power, but have attempted to institutionalize competitive relations between subnational administrative units as a means to position local and regional economies strategically within supranational (European and global) circuits of capital. In this sense, even in the midst of the wide-ranging rescaling processes that have unsettled traditional, nationally focused regulatory arrangements, national states have attempted to retain control over major subnational political-economic spaces by situating them within rescaled, but still nationally coordinated, accumulation strategies." (Brenner 2004: 260)

It is therefore questionable whether the relativization of scales as observed by Jessop (2002 and 1999) has really occurred in the two case study regions. There are no signs of

the hollowing-out of the nation state, but there is some indication of a 'squeeze-in' of the regional scale. On the one hand the regional scale is expected to take on more responsibility, especially for economic policy, but on the other hand its efforts are hampered by having to defend regional interests against interventionist central governments (more so in the North East than in the Ruhr) or local governments reluctant to voluntarily upscale any of their powers, even if only temporary and project-based. While both case study regions can be seen as squeezed in, the direction of the pressure varies between the two.

In essence, while the recent changes in the North East can be seen as regionalisation, the example of image building suggests that central government has retained its grip on regional policy, even though the mechanism and scale of delivery have changed. It is thus questionable whether there really have been any significant changes in territoriality (i.e. control over space). What has occurred instead is a rescaling of governance, with an increasing importance of the regional level, but mainly as a scale of delivery of central government strategies and policy instruments. In the Ruhr, the fault lines are mainly between local and Land government, and a tightening of the reigns of the Land governments and more direct interventions in regional matters can be observed here. Both regions share the results of the latest round of state rescaling, which brought about the involvement of a multitude of actors in "interscalar webs" (MacLeod 2001) and a mushrooming of special purpose bodies and programmes. The big, unanswered question is therefore "how various strategies *in* the region can be translated into strategies *for* the region" (Valler, Phelps and Wood 2002: 189, original emphasis).

Leadership is a field of theory that is currently underdeveloped in geographical research, presumably because it involves a number of theoretical and empirical difficulties. The main *theoretical* problem with researching leadership is the vagueness of the concept. It is difficult to separate issues of leadership from issues of governance or learning, as the latter two form the structural environment in which leadership succeeds or fails, and the effect of leadership on issues of economic development cannot easily be isolated. This partly stems from *empirical* difficulties. The origins of leadership research lie in

psychology, which has traditionally relied on laboratory experiments, but these conditions cannot be replicated in applied research on the practice of economic development. Leadership cannot easily be observed in the form in which it occurs in the design and delivery of policies. In other words, from looking at possible *outcomes* of processes of leadership it is hard to judge the individual contribution of leadership as opposed to other factors of influence. Taking research on leadership in image building (or indeed in any other policy area) further would require a fundamentally different methodology and involve the use of ethnographic methods to observe processes as they happen. In my research, the non-participant observation of stakeholder consultations regarding the development of an image policy would have had the additional benefit of being able to collect very robust evidence on other theories as well, most notably, in this context, learning. It would have been very interesting to have directly observed the consultation and decision-making process as it occurred, for example in the Durham Castle event, rather than to rely purely on written documentation and the recollections of participants, as both are usually limited. Written records are often not available or accessible, and the memory of participants might be selective, or they might withhold certain facts. Unfortunately, I had only found out about the Durham Castle event after it had occurred. This epitomises, I assume, the research experience of many PhD candidates, who in practice find it difficult to time their research to coincide with important events that they could observe directly. But it would be worth to make the effort, as leadership in economic development is a very promising yet under-researched field of theory.

### **9.3. Policy implications**

The research findings point at a number of variables that could be improved in order to achieve a more effective and efficient image management process. Two sets of measures are considered here: first, how the process could be improved, and secondly, how an institutional/organisational framework should ideally look if it were geared towards an image management programme.

It seems that image management has a long way to go before it is widely recognised as a tool of economic development. For example, the European Union Commission's Directorate for Regional Development has identified in the Objective 2 funding guidelines several policy fields through which it believes economic restructuring can be aided. As set out in chapters 6 and 7, image management is not included on this list. It may be worth for the EU to reconsider this omission. The EU Objective 2 funds are, in both regions, playing an important role in forging intra-regional co-operation. Even though these partnerships are not always entirely voluntary but driven by the necessity to form partnerships in order to be able to access ERDF funds, the ERDF has, as it was reflected in many interviewees' comments, contributed to the formation of functioning policy networks on this issue and has thus fostered the exchange of ideas, a realistic debate and self-evaluation between the regional partners. It must be said that while image management has not been *suggested* by the ERDF, it has neither been specifically requested by regional actors, neither in North East England nor in the Ruhr. However, the ERDF could play a more vital role in forming policy networks that are more effective in dealing with image management.

As far as the intended or projected images are concerned, place promotion agencies have to walk a fine line between trying to appeal to the target group (in this case, inward investors) and being creative and differentiating their own 'place product' from competitors. Place promotion strategists and practitioners seem to have a fairly concrete idea of what appeals to potential inward investors, and many agencies therefore employ the 'standard toolkit' of quality of life, skilled and adaptable labour force, excellent accessibility and infrastructure, good land availability, yet all at reasonable prices and set in a positive 'business climate' where investors are being welcomed with open arms. Yet there is only anecdotal evidence for the appeal of this projected image, and systematic perception research on a large scale has largely been missing, at least in the North East. This has two implications: first, market research is an essential prerequisite for successful image management. Existing perceptions need to be uncovered, and during an image campaign regular surveys are necessary to track changes in these perceptions, even

though it is methodologically difficult to establish a *causal* link between image management and improving perceptions. The KVR has monitored both of its campaigns in a systematic way, where a communication studies department at a local university was commissioned to compile an 'image profile' every second year during the course of the campaigns. When the KVR at the end of the first image campaign (that lasted for ten years) learned that the negative perceptions had effectively been overturned, it was clear that the next campaign had to take a different approach. Now the KVR no longer had to work purely with facts and figures to counter outdated perceptions but was able to run a more emotional and provocative campaign.

This observation has taken us to the second point. In the case of the Ruhr, avoiding "making sameness" (Griffiths 1998) has paid off. Rather than relying on the standard toolkit of promotional messages, the Ruhr has shown self-esteem and has, in the latest campaign, stressed how it is different from all other German agglomerations. It is remarkably obvious to see the change from the early years of *Ein starkes Stück Deutschland* to its later years, and even more so to *Der Pott kocht*: the message moved from "we're not as bad as you think" to "we, too, have everything you can expect from a large city" to "we are different". The latter point included emphasising the industrial heritage of the area, a theme that is almost completely denied in the promotional material of the North East. It could be argued that the thorough removal of most hints to previous mining and heavy-industrial activities from the North East's landscape has been mirrored in the images created by its place promoters. Of course the task of projecting images to attract investors is a difficult one, as the projected image is trying to make potential investors believe that the region has already achieved the economy that it is only *hoping* to achieve, not least through the contributions of investors of 'future-proof' industries. Accordingly, in order to aid structural change and mitigate its socially polarising effects, the representations have, to a certain degree, to contain a measure of glossing-over or denial. However, this raises doubts over the credibility of the images, and important questions of ownership. Is it appropriate to deny the industrial past in the 'official' place image when in the North East this past is still deeply embedded in the region's culture

(Robinson 2002, Byrne 1999, 2002), as demonstrated through the liveliness of events like the Durham Miners Gala?

On the other hand it needs to be made clear that the promotional budget of the Ruhr was much higher than that of the North East, but this should be an even bigger incentive to be creative, as with a small budget any promotional material has to stand out through its originality to get noticed. This originality could stem from an open declaration to the positive aspects of the region's industrial past.

The second category of recommendations has to do with the institutional and organisational framework for effective image management. The first and foremost recommendation is to strike the right balance between networks and hierarchy. On the one hand, networks allow the flexibility of involvement of stakeholders as and when required or desired, but on the other hand the image-policy-network of North East England demonstrated considerable weakness when the Regional Image Strategy came to a temporary halt simply through the illness of one key person. As Rhodes (1997) demonstrated with his example of the 'many hands', when things go wrong it is hard to hold one particular organisation responsible for the failure. Since the establishment of Regional Development Agencies in 1998 the North East has experienced a 'governance overkill': As outlined in one of One North East's consultation documents (ONE 2003a), the Regional Image Strategy has to be integrated with and adjusted to no less than 13 other regional strategies, involving an estimated 120 organisations of both central and local government, the private sector and civil society.

The empirical results of my thesis form a strong case for considering a streamlining of regional organisations, giving organisations a much clearer responsibility for place promotion and image management, and a clearer mandate to lead on these issues. In the Ruhr, the KVR has the remit and responsibility for PR and marketing for the region but not for inward investment promotion, let alone economic development. While one could distinguish between promotional efforts and actual 'nuts and bolts' economic development work of improving the physical conditions of the place it is almost



impossible to draw a line between place marketing and inward investment promotion. Yet, for the Ruhr these two functions are carried out by two different bodies, the KVR and the Land's Economic Promotion Agency (GfW). It seems that this distinction does not make much sense from an image management perspective: firstly, promotion is just *one* instrument of marketing, and promoting a 'product' is difficult if the quality of the 'place product' is beyond the marketer's control. This is a strong argument for having one regional body that controls both economic strategy and policy *and* place promotion/image building.

Secondly, this institutional fragmentation is likely to hinder the development and communication of a coherent message, as the evidence from both regions suggests. In the North East, intra-regional animosities between Tyneside and Teesside and between urban and rural parts of the region are likely to further impede the progress of the Regional Image Strategy. In the Ruhr, the delivery of a set of coherent messages has suffered from the rivalries between the Ruhr and the Land government. In the current political climate where the KVR is dominated by the Christian Democrats and the Land government is controlled by the Social Democrats the fault lines are even more difficult to bridge. The current institutional arrangement in the Ruhr is testimony of ongoing power struggles and half-hearted administrative reforms. It remains to be seen whether these obstacles will be removed and the institutional jungle cleared with the reform of the KVR, who will be modified once again in its competencies and be transformed into an organisation called RVR (Ruhr Regional Association) later this year. While the exact nature and competencies of the new RVR are not yet known, it is certain that it will *not* be the *one* regional body that controls both economic strategy and policy *and* place promotion/image building.

Similarly, the future of the regional organisations of the North East is unclear. Since devolution in the UK is a slow process and riddled with ambiguities it is far from certain where One North East and the proposed regional government will go, and whether their competencies will be far-ranging enough to effectively control both the 'place product' – that is, the material realities of the North East – *and* the image. If the people of the North

East say Yes to a regional government in the referendum on 4 November there is a realistic chance that the North East could get an organisation that is able to co-ordinate the full spectrum of policy-making and -delivery on the regional scale, including image management as a task that cuts across a range of policies.

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